
1ST CLASS HOLIDAYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1ST CLASS HOLIDAYS LIMITED

COMPANY INFORMATION

Directors

P Ainsworth
Ms S R Mason
P N Bland
D E Gathercole

Company secretary

Ms S R Mason

Registered number

03445248

Registered office

Trafford House
Chester Road
Old Trafford
Manchester
M32 0RS

Independent auditors

White Hart Associates (London) Limited
Chartered Accountants and Statutory Auditors
2nd Floor, Nucleus House
2 Lower Mortlake Road
Richmond
TW9 2JA

1ST CLASS HOLIDAYS LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11 - 12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 28

1ST CLASS HOLIDAYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The directors present their strategic report for the year ended 30 September 2019

Business review

The company is required by the Companies Act 2006 to set out in this report, a fair review of the business of the company during the financial year ended 30 September 2019, the position of the company at the end of the year and a description of the principal risks and uncertainties facing the company. This review is prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose.

The company is a tour operator dealing with tailor-made long haul holidays to North America, Canada, New Zealand and Australia and continues to focus most of its activities and generate the majority of its sales through independent travel agents within the UK.

The company has maintained its position as a leading operator to Canada being awarded "Best Tour Operator" at the British Annual Canada Travel Awards hosted by the Canadian Tourism Commission 15 times. The business has also won various awards across its other destinations.

Operating profit (ref page 8) includes additional expenditure on marketing, system improvements and development of South Africa as a new destination which should improve brand awareness and greater future revenue growth.

Throughout the year the company has continued to refine a number of its internal processes to improve efficiency, service levels and further improve quality offered to its customers. The directors are confident of continued profitability for the company in the years ahead.

Principal risks and uncertainties

Whilst the company operates holidays to politically stable destinations, the key uncertainties that affect the travel industry are world events, health scares, terrorism and air safety etc. and the company is aware that future development of the business may be subject to unforeseen future events outside of company's control.

This report was approved by the board on 22 January 2020 and signed on its behalf.

P N Bland

Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity during the year under review was that of a tour operator, specialising in North America, Canada, New Zealand and Australia.

Results and dividends

The profit for the year, after taxation, amounted to £330,506 (2018 - £508,560).

No interim dividends were paid or final dividends paid or proposed for the year ended 30 September 2019.

Directors

The directors who served during the year were:

P Ainsworth
Ms S R Mason
P N Bland
D E Gathercole

1ST CLASS HOLIDAYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 January 2020 and signed on its behalf.

P N Bland

Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 1ST CLASS HOLIDAYS LIMITED

Opinion

We have audited the financial statements of 1st Class Holidays Limited (the 'Company') for the year ended 30 September 2019, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment

and the company's future prospects and performance.

Brexit is one of the most significant economic events of the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standard firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknown factors or all possible

future implications for a company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ms N A Spoor ACA FCCA (Senior Statutory Auditor)

for and on behalf of

White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House
2 Lower Mortlake Road
Richmond
TW9 2JA

22 January 2020

1ST CLASS HOLIDAYS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Turnover	4	16,443,216	16,452,352
Cost of sales		(13,828,658)	(13,830,262)
Gross profit		2,614,558	2,622,090
Distribution costs		(320,561)	(287,235)
Administrative expenses		(1,917,390)	(1,876,801)
Exceptional costs	10	(50,617)	-
Operating profit	5	325,990	458,054
Interest receivable and similar income	8	2,107	2,072
Profit before tax		328,097	460,126
Tax on profit	9	2,409	48,434
Profit for the financial year		330,506	508,560

The notes on pages 14 to 28 form part of these financial statements.

	2019 £	2018 £
EBITDA-Earnings before interest, taxation, depreciation and amortisation	355,609	493,241
	355,609	493,241

1ST CLASS HOLIDAYS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Profit for the financial year		330,506	508,560
Other comprehensive income			
Hedge reserve movement		7,496	30,888
Other comprehensive income for the year		7,496	30,888
Total comprehensive income for the year		338,002	539,448

The notes on pages 14 to 28 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED
REGISTERED NUMBER: 03445248

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	13,098	-
Tangible assets	12	94,880	122,475
		<u>107,978</u>	<u>122,475</u>
Current assets			
Debtors	13	2,547,434	2,294,503
Cash at bank and in hand	14	2,013,556	1,909,486
		<u>4,560,990</u>	<u>4,203,989</u>
Creditors: amounts falling due within one year	15	(2,386,012)	(2,379,101)
Net current assets		<u>2,174,978</u>	<u>1,824,888</u>
Total assets less current liabilities		<u>2,282,956</u>	<u>1,947,363</u>
Provisions for liabilities			
Deferred tax	16	(18,941)	(21,350)
		<u>(18,941)</u>	<u>(21,350)</u>
Net assets		<u><u>2,264,015</u></u>	<u><u>1,926,013</u></u>
Capital and reserves			
Called up share capital	17	35,000	35,000
Capital redemption reserve		15,000	15,000
Other reserves	18	7,240	(256)
Profit and loss account	18	2,206,775	1,876,269
		<u><u>2,264,015</u></u>	<u><u>1,926,013</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 January 2020.

P N Bland
Director

The notes on pages 14 to 28 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2018	35,000	15,000	(256)	1,876,269	1,926,013
Comprehensive income for the year					
Profit for the year	-	-	-	330,506	330,506
Hedge reserve movement	-	-	7,496	-	7,496
Other comprehensive income for the year	-	-	7,496	-	7,496
Total comprehensive income for the year	-	-	7,496	330,506	338,002
Total transactions with owners	-	-	-	-	-
At 30 September 2019	35,000	15,000	7,240	2,206,775	2,264,015

The notes on pages 14 to 28 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2017	35,000	15,000	(31,144)	1,367,709	1,386,565
Comprehensive income for the year					
Profit for the year	-	-	-	508,560	508,560
Hedge reserve movement	-	-	30,888	-	30,888
Other comprehensive income for the year	-	-	30,888	-	30,888
Total comprehensive income for the year	-	-	30,888	508,560	539,448
Total transactions with owners	-	-	-	-	-
At 30 September 2018	35,000	15,000	(256)	1,876,269	1,926,013

The notes on pages 14 to 28 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	330,506	508,560
Adjustments for:		
Amortisation of intangible assets	564	-
Depreciation of tangible assets	29,055	35,187
Interest received	(2,107)	(2,072)
Taxation charge	(2,409)	(48,434)
Decrease/(increase) in debtors	39,763	(289,696)
(Increase) in amounts owed by groups	(285,454)	(424,083)
Increase in creditors	7,167	88,567
Net cash generated from operating activities	117,085	(131,971)
Cash flows from investing activities		
Purchase of intangible fixed assets	(13,662)	-
Purchase of tangible fixed assets	(1,460)	(44,995)
Interest received	2,107	2,072
Net cash from investing activities	(13,015)	(42,923)
Net increase/(decrease) in cash and cash equivalents	104,070	(174,894)
Cash and cash equivalents at beginning of year	1,909,486	2,084,380
Cash and cash equivalents at the end of year	2,013,556	1,909,486
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,013,556	1,909,486
	2,013,556	1,909,486

The notes on pages 14 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

1st Class Holidays Limited is a private company limited by shares and incorporated in England. Its registered office is Trafford House, Chester Road, Old Trafford, Manchester, M32 0RS

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is the amount derived from ordinary activities and represents the aggregate revenue receivable from tours departed during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, Reducing balance/straightline.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15%	reducing balance
Computer equipment	-	20%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.16 Hedge accounting**

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its recognised and highly probable liabilities. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Sole activity-tour operator	16,443,216	<i>16,452,352</i>
	<u>16,443,216</u>	<i><u>16,452,352</u></i>

All turnover arose within the United Kingdom.

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Amortisation of intangible assets	564	-
Depreciation of tangible fixed assets	29,055	35,187
Exchange differences	(4,865)	(3,337)
Other operating lease rentals	103,691	98,165
Fees payable to the company's auditors and its associates for the audit of the Company's annual financial statements	14,750	14,000
Defined contribution pension scheme	<u>20,978</u>	<u>16,458</u>

6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,750</u>	<u>14,000</u>

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	860,858	854,939
Social security costs	66,672	64,345
Cost of defined contribution scheme	20,978	16,458
	<u>948,508</u>	<u>935,742</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	15	15
Sales	20	20
Technical	7	5
	<u>42</u>	<u>40</u>

8. Interest receivable

	2019 £	2018 £
Other interest receivable	2,107	2,072
	<u>2,107</u>	<u>2,072</u>

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

9. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	-	(75,448)
	<hr/>	<hr/>
	-	(75,448)
	<hr/>	<hr/>
Total current tax	<hr/> - <hr/>	<hr/> (75,448) <hr/>
Deferred tax		
Origination and reversal of timing differences	(2,409)	27,014
	<hr/>	<hr/>
Total deferred tax	<hr/> (2,409) <hr/>	<hr/> 27,014 <hr/>
	<hr/>	<hr/>
Taxation on loss on ordinary activities	<hr/> (2,409) <hr/>	<hr/> (48,434) <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>328,097</u>	<u>460,126</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	62,338	87,424
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	835	2,339
Capital allowances for year in excess of depreciation	2,409	(2,285)
Adjustments to tax charge in respect of prior periods	-	(75,448)
Losses utilised	-	(88,030)
Unrelieved tax losses carried forward	-	552
Deferred tax	(2,409)	27,014
Group relief	(65,582)	-
Total tax charge for the year	<u><u>(2,409)</u></u>	<u><u>(48,434)</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantially enacted as part of Finance Bill 2016 (in September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

10. Exceptional items

	2019 £	2018 £
Bad debt adjustment on the failure of Thomas Cook/Freedom Travel	50,617	-
	<u><u>50,617</u></u>	<u><u>-</u></u>

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Intangible assets

	Devel. expenditure £
Cost	
Additions	13,662
At 30 September 2019	13,662
Amortisation	
Charge for the year	564
At 30 September 2019	564
Net book value	
At 30 September 2019	13,098
At 30 September 2018	-

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 October 2018	147,066	565,058	712,124
Additions	1,460	-	1,460
At 30 September 2019	148,526	565,058	713,584
Depreciation			
At 1 October 2018	84,082	505,567	589,649
Charge for the year on owned assets	9,484	19,571	29,055
At 30 September 2019	93,566	525,138	618,704
Net book value			
At 30 September 2019	54,960	39,920	94,880
At 30 September 2018	62,984	59,491	122,475

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

13. Debtors

	2019 £	2018 £
Trade debtors	1,446	18,869
Amounts owed by group undertakings	1,171,909	886,455
Other debtors	260,815	244,365
Prepayments and accrued income	1,106,024	1,144,814
Financial instruments	7,240	-
	<u>2,547,434</u>	<u>2,294,503</u>

Included in prepayments and accrued income is the sum of £932,157 (2018 - £1,015,244) of supplier payments made in advance for future departures.

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,013,556	1,909,486
	<u>2,013,556</u>	<u>1,909,486</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	164,779	114,405
Other taxation and social security	32,697	16,392
Other creditors	34,971	27,565
Accruals and deferred income	2,153,565	2,220,483
Financial instruments	-	256
	<u>2,386,012</u>	<u>2,379,101</u>

Included in accruals and deferred income is the sum of £2,062,199 (2018 - £2,185,066) of customer monies received in advance for future departures

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

16. Deferred taxation

	2019 £	2018 £
At beginning of year	(21,350)	5,664
Charged to profit or loss	2,409	(27,014)
At end of year	(18,941)	(21,350)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(21,350)	(21,350)
Charged to profit or loss	2,409	-
	(18,941)	(21,350)

17. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
35,000 (2018 - 35,000) Ordinary shares of £1.00 each	35,000	35,000

18. Reserves

Other reserves

Other reserves consist of cashflow hedge reserve relating to the amount of gain or loss recognised on forward contracts and derivatives that are cashflow hedges for committed foreign exchange transactions accruing in the 12 months post year end.

Profit and loss account

The profit and loss account represents the net distributable reserves of the company at the date of the statement of financial position.

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

19. Contingent liabilities

As at 30th September 2019, there were contingent liabilities outstanding in respect of counter indemnities given by the group, in the normal course of business, to the company's bond obligors in respect of ABTA travel bonds amounting to £240,981 (2018: £207,600).

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independent fund administered by The Royal London Mutual Insurance Society Limited. The pension cost charge represents contributions payable by the company to the fund and amounted to £20,978 (2018: £16,458).

21. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	94,676	94,676
Later than 1 year and not later than 5 years	378,704	378,704
Later than 5 years	284,028	378,704
	<u>757,408</u>	<u>852,084</u>

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

22. Related party transactions

The holding company 1st Class Holidays (Holdings) Limited, where Mr P Ainsworth, Ms S R Mason, Mr P N Bland and Mr D E Gathercole are directors, charged management fees amounting to £481,025 (2018: £464,191).

23. Holding company

The immediate and ultimate holding company is 1st Class Holidays (Holdings) Limited, a company registered in England under registered number 09805613. Its registered office is Trafford House, Chester Road, Old Trafford, Manchester M32 0RS.

24. Controlling party

In the opinion of the directors there is no one controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.