

Trek America Travel Limited
Reports of the Directors and financial statements
for the year ended 30 September 2020
Company number 4803471

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The Directors present their Strategic and Directors' Reports on the financial statements of Trek America Travel Limited (the "Company") for the year ended 30 September 2020. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Travelopia Group Holdings Limited (previously named Tim Intermediateco Limited until 30 April 2020).

STRATEGIC REPORT

The Company's principal activity during the year continued to be that of selling and operating tours, treks and adventure holidays. On 1 November 2019, the business and assets of the Company were acquired by Exodus Travels Limited, a fellow Group company. Trek America now operates as a brand within Exodus Travels Limited.

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2020 was £380,000 (2019: £1,230,000 loss).

Trek America Travel Limited only traded for 1 month during the year. Gross loss was £121,000 (2019: gross profit of £1,144,000) and the Company returned a loss on ordinary activities before taxation of £380,000 (2019: £1,447,000).

Funding, liquidity, going concern and post balance sheet events

On 1 November 2019, the business and assets of the company were acquired by Exodus Travels Limited, a fellow Group company. Trek America Travel now operates as a brand within Exodus Travels Limited. As a result of this decision, on 30 October 2019 trading in Trek America Travel Limited effectively ceased, and therefore the financial statements are prepared on a basis other than going concern.

Although the Company is not expected to trade, Travelopia Group Holdings Limited ('TGHL') has agreed to provide financial support to the Company, should it require to do so. As part of their assessment of going concern, the Directors of the Company considered the funding and liquidity position of the Company. In concluding on going concern, the Directors have considered the prospects of the Company in the context of the Company's ownership structure within the Group, as well as the Group's available banking facilities.

On 4 May 2020, the Directors of the Group obtained a covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt:Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was instead put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary into FY22 and it is expected that the period that the minimum liquidity covenant is in place will be extended accordingly. At the date of signing these financial statements, the Directors have successfully obtained an extension of the net debt covenant test for one quarter to 30 September 2021. A request for a further and longer extension into FY22 will be pursued by the Directors by this date. However, based on the medium and longer term outlook for the Group and the strength of its relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension to the net debt covenant holiday will be agreed.

Should the Travelopia Group require additional liquidity to meet its liquidity covenant, its Directors could also seek additional funding from its ultimate parent. Throughout the pandemic and up until the date of signing these financial statements, the Group has not required additional shareholder funding.

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional financing could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to continue to provide the support required. As a result, there is a material uncertainty in respect of the ability of the Company to continue as a going concern – refer to Note 2 for further details.

STRATEGIC REPORT (continued)

Funding, liquidity and post balance sheet events (continued)

The Directors of the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; and iii) the ability to seek additional funding from its owners; the Group will have the liquidity and mitigation plans available such that the Company can realise all remaining assets and discharge any new liabilities until such time as the Company has completely ceased to exist.



On behalf of the Board

R W Isaacs
Director

Company Number 4803471

Dated 10 August 2021

DIRECTORS' REPORT

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R Hanson (resigned 2 December 2019)

R Isaacs

S Seward (appointed 2 December 2019)

Directors' insurance

An intermediate parent company, Travelopia Holdings Limited, maintained Directors' and Officers' liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

Audit exemption statement

For the financial period ended 30 September 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the financial period in question in accordance with Section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

Business review

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Reports of the Directors and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, as explained in note 2 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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 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.

On behalf of the Board



R W Isaacs
Director

Trek America Travel Limited

Statement of total comprehensive income for the year ended 30 September 2020

		Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
	Note		
Revenue	6	350	9,515
Cost of sales		(471)	(8,371)
Gross profit		(121)	1,144
Administrative expenses		(171)	(2,640)
Operating profit loss		(292)	(1,496)
Finance Expense	7	(88)	-
Finance income		-	49
Loss on ordinary activities before taxation	8	(380)	(1,447)
Tax credit/(expense)	10	82	217
Loss for the financial year attributable to owners of the parent		(308)	(1,230)
Total comprehensive loss for the year attributable to owners of the parent		(298)	(1,230)

As at 1 November 2019 the operations of Trek America Limited were discontinued.

Trek America Travel Limited
Balance sheet as at 30 September 2020

		30 September 2020 £'000	30 September 2019 £'000
	Note		
Non-current assets			
Intangible assets	11	-	370
Property, plant and equipment	12	-	15
Income tax - group relief receivable		-	259
Deferred tax assets	13	-	92
		<u>-</u>	<u>736</u>
Current assets			
Income tax - group relief receivable		324	-
Trade and other receivables	14	-	421
Derivative financial assets	15	-	89
Income tax – corporation tax recoverable		-	6
Cash and cash equivalents		958	2,147
		<u>1,282</u>	<u>2,663</u>
Total assets		<u>1,282</u>	<u>3,399</u>
Current liabilities			
Trade and other payables	16	-	(1,819)
		<u>-</u>	<u>(1,819)</u>
Total liabilities		<u>-</u>	<u>(1,819)</u>
Net assets		<u>1,282</u>	<u>1,580</u>
Equity			
Called up share capital	17	50	50
Profit and loss account		1,232	1,530
Total equity attributable to owners of the parent		<u>1,282</u>	<u>1,580</u>

The notes on pages 7 to 18 form part of these financial statements.

Audit exemption statement

For the financial period ended 30 September 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the financial period in question in accordance with Section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 10th August 2021 and signed on its behalf by:



R W Isaacs
Director

Trek America Travel Limited

Statement of changes in equity for the year ended 30 September 2020

	Note	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 30 September 2018		7,200	(1,132)	6,068
Total comprehensive loss for the year		-	(1,230)	(1,230)
Share capital reduction	17	(7,150)	7,150	-
Dividends paid	18	-	(3,258)	(3,258)
At 30 September 2019		50	1,530	1,580
Total comprehensive loss for the year		-	(298)	(298)
At 30 September 2020		50	1,232	1,282

1. General information

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company's registered number is 4803471.

The principal activity of the Company continues to be that of a tour operator selling holiday-related services to customers around the world.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit or loss, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

As described more fully on the Strategic Report on page 1, following the Company's sale of trade and assets on the 1 November 2019 the Directors have prepared the financial statements on a basis other than that of a going concern. There is no material impact of this change in presentation.

FRS 101

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

Company continues to use FRS 101 as its basis of accounting. The Company also elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") which permits the use of the formats prescribed in International Accounting Standard 1 'Presentation of financial statements' ("IAS 1") for the primary statements, as opposed to using the formats prescribed by Companies Act 2006.

Going concern

On 1 November 2019, the business and assets of the company were acquired by Exodus Travels Limited, a fellow Group company. Trek America Travel now operates as a brand within Exodus Travels Limited. As a result of this decision, on 30 October 2019 trading in Trek America Travel Limited effectively ceased, and therefore the financial statements are prepared on a basis other than going concern.

At 30 September 2020, the Company had £1,282,000 (2019: £1,580,000) of net assets, including £958,000 (2019: £2,147,000) of cash. At the date of signing these financial statements, the Company's cash balance was approximately £958,000

In accordance with the Group's regulation by the Civil Aviation Authority ('CAA'), the Company forms part of a ring-fenced group of subsidiaries within the Travelopia Group that are required to comply with certain regulatory requirements. One of these requirements is that these ring-fenced Companies, in aggregate, should maintain sufficient liquidity that is, as a minimum, 70% of the value of customer monies throughout the financial year ('the 70% test'). Although the Company is not expected to trade, other fellow group subsidiaries in the ring-fence group may become reliant upon the Company to ensure this test is met.

The Company may therefore become reliant upon the financial support of Travelopia Group Holdings Limited ('TGHL') so that the Company can continue as a going concern. TGHL has agreed to provide financial support to the Company for the foreseeable future in order that it can continue to trade and meet its liabilities as they fall due. The Directors of the Company have then made enquiries of TGHL's directors as part of the going concern assessment.

The Group continues to use external debt financing as part of a balanced capital structure, including a £100m term loan and £78m revolving credit facilities, both of which are fully drawn. The maturity dates of the Group's £100m term loan and revolving credit facility are unchanged at 15 June 2024 and 15 June 2023 respectively.

2. Basis of preparation

Going concern (continued)

On 4 May 2020, the Directors of the Group obtained a covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt:Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was instead put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary into FY22 and it is expected that the period that the minimum liquidity covenant is in place will be extended accordingly. At the date of signing these financial statements, the Directors have successfully obtained an extension of the net debt covenant test for one quarter to 30 September 2021. A request for a further and longer extension into FY22 will be pursued by the Directors by this date. However, based on the medium and longer term outlook for the Group and the strength of its relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension to the net debt covenant holiday will be agreed.

Should the Travelopia Group require additional liquidity at any time, its Directors could also request additional funding from its ultimate parent. However, since the Group has not required additional funding throughout the pandemic and up to the date of signing these financial statements, this request has not needed to be made.

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional financing could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to continue to provide the support required. As a result, there is a material uncertainty in respect of the ability of the Company to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

The Directors of the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; and iii) the ability to seek additional funding from its owners; the Group will have the liquidity and mitigation plans available such that the Company can realise all remaining assets and discharge any new liabilities until such time as the Company has completely ceased to exist.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the financial years presented, other than where stated.

New and amended standards adopted by the Company

The Company applied IFRIC 23 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

IFRIC 23 'Uncertainty over income tax treatments'

The IFRIC clarifies the recognition and measurement of IAS 12 'Income taxes' when there is uncertainty over the tax treatment until such time that the relevant tax authority or court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment may affect a company's accounting for a current or deferred tax asset or liability. This IFRIC has not had a material impact on the accounting for uncertain tax treatments at the date of adoption at 1 October 2019.

3. Summary of significant accounting policies (continued)

Revenue

The Company recognises revenue from the sale of holiday-related services. Revenue is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for services in the normal course of business during the accounting period. Revenue is recognised net of discounts, value added tax, and other sales related taxes and is measured as the aggregate amount earned from holiday-related services. Revenue from sale of holiday-related services is comprised of one performance obligation and the transaction price is recognised over the duration of the holiday-related service (taking the time elapsed from departure to return). For the sale of holiday-related services, the Company receives part payment of the holiday-related services by way of a deposit from customers upon booking of the holiday-related service. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

The Company has adopted the exemption not to disclose the aggregate amount of the transaction price allocated to partially unsatisfied performance obligations as the contracts have an original expected duration of less than one year.

Computer software and software in development

Computer software consists of all software that is not an integral part of the related hardware and is stated at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software platforms controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria, together with costs associated with maintaining computer software programmes, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful economic life as follows:

Computer software	3 to 5 years
Brand	Indefinite life

3. Summary of significant accounting policies (continued)

Property, plant, equipment and depreciation

Property, plant and equipment are stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation.

Depreciation is charged on a straight-line basis to the residual value over the estimated useful lives of tangible assets which are as follows:

Leasehold improvements	Over the period of the lease
Computer hardware	25% straight line
Expedition vehicles	25% straight line

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss, and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedged. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets at amortised cost comprise loans and receivables, and cash in the balance sheet.

Derivative financial instruments and hedging activities

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in the fair value of derivatives are recorded in the statement of total comprehensive income within finance income or finance expense. Changes in the fair value of the hedged asset or liability that are attributable to the hedged risk are also recognised within the statement of total comprehensive income in the category to which they relate.

3. Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company recognises a loss allowance for expected credit losses on all receivable balances from customers subsequently measured at amortised cost, using the 'general approach' permitted under IFRS 9.

Cash and cash equivalents

Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Client monies at the balance sheet date relating to holidays commencing and flights departing after the year end are included as payments received on account within trade and other payables. If the date of departure is in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities.

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

Pensions

The Company participates in the Group Defined Contribution Pension Scheme. Pension liabilities are charged to the statement of total comprehensive income as they fall due.

Finance income and finance expense

Finance income recognised in the statement of total comprehensive income mainly comprises gains on the fair value of derivative financial instruments. Finance expense recognised in the statement of total comprehensive income comprises losses on the fair value of derivative financial instruments.

Current and deferred tax

The tax expense for the year comprises current and deferred tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the year. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

3. Summary of significant accounting policies (continued)

Called up share capital

Ordinary shares are classified as equity.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of Travelopia Group Holdings Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Travelopia Group Holdings Limited. Details for obtaining the Group financial statements of Travelopia Group Holdings Limited can be found in Note 20. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1; and Paragraph 118(e) of IAS 38 'Intangible assets'.
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	10(f) and 40 A to D	A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly-owned subsidiaries of the Group.
IFRS 15 'Revenue from contracts with customers'	The requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129	Disaggregation of revenue, explanations of significant changes in contract balances, timing of satisfaction of performance obligations, unsatisfied performance obligations, significant judgements in the application of the standard.

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors do not consider there to be any critical accounting estimates or judgments that could materially alter the performance or position of the Company in the coming year.

6. Revenue

The Company has one class of business, namely the marketing, selling and operation of tours, treks and adventure holidays. Revenue is analysed by geographical location (source market):

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
UK and Ireland	229	6,275
Europe	54	1,108
Rest of the World	67	2,132
	<u>350</u>	<u>9,515</u>

7. Finance Expense

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on derivative financial instruments	88	-
	<u>88</u>	<u>-</u>

8. Loss on ordinary activities before taxation

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amortisation	31	596
Foreign exchange losses/(gains)	83	(195)
	<u>83</u>	<u>(195)</u>

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	43	698
Social security costs	4	57
Other pension costs	2	35
	<u>49</u>	<u>790</u>

The average number of persons (including Directors) employed by the Company during the year was:

	Year ended 30 September 2020 Number	Year ended 30 September 2019 Number
Administration and management	<u>1</u>	<u>13</u>

The details of Directors' remuneration are as follows:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Directors' remuneration	10	115
Pension contributions	1	11
	<u>11</u>	<u>126</u>

Retirement benefits are accruing to one Director under the Group Defined Contribution Pension Scheme (2019: one). The other two (2019: two) Directors received no remuneration for their services as Directors of the Company (2019 £nil).

9. Tax (credit)/expense

The tax (credit) can be summarised as follows:

(i) Analysis of tax (credit) in the year

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Current tax:		
Amounts payable to fellow subsidiaries for group relief	-	(181)
Adjustment in respect of prior periods	(65)	-
Total current tax	<u>(65)</u>	<u>(181)</u>
Deferred tax:		
Origination and reversal of temporary differences	(17)	(29)
Adjustment in respect of prior periods	-	-
Effect of change in tax rate	-	(7)
Total deferred tax (Note 13)	<u>(17)</u>	<u>(36)</u>
Total tax (credit) in the statement of total comprehensive income	<u>(82)</u>	<u>(217)</u>

10. Tax (credit)/expense (continued)

(ii) Factors affecting the tax (credit) in the year

The tax credit (2019: credit) for the year ended 30 September 2020 is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.0% (2019: 19%). The differences are shown in the table below:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on ordinary activities before taxation	(381)	(1,447)
Loss on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.0% (2019: 19.0%)	(72)	(275)
Effects of:		
- Tax rate changes	-	(7)
- Adjustments in respect of prior years	(65)	-
- Deferred tax not recognised	55	-
- Non qualifying asset	-	65
Total tax (credit) in the statement of total comprehensive income	(82)	(217)

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporate tax in future periods.

11. Intangible assets

	Computer software £'000
Cost:	
At 1 October 2019	1,422
Disposals (Note 21)	(1,422)
At 30 September 2020	-
Accumulated amortisation and impairment:	
At 1 October 2019	1,052
Amortisation and impairment charge for the year	31
Disposals	(1,083)
At 30 September 2020	-
Net book value:	
At 30 September 2020	-
At 30 September 2019	370

12. Property, plant and equipment

	Computer equipment £'000
Cost:	
At 1 October 2019	188
Disposals (Note 21)	(188)
At 30 September 2020	-
Accumulated depreciation:	
At 1 October 2019	173
Disposals (Note 21)	(173)
At 30 September 2020	173
Net book value:	
At 30 September 2020	-
At 30 September 2019	15

13. Deferred tax assets and liabilities

	30 September 2020 Assets/ (Liabilities) £'000	30 September 2019 Assets/ (Liabilities) £'000
Depreciation in excess of capital allowances	-	109
Financial instruments	-	(17)
Net deferred tax assets	-	92

The amount of deferred tax expected to reverse within one year is as follows:

	30 September 2020 £'000	30 September 2019 £'000
Deferred tax assets due within one year	-	(17)
Deferred tax liabilities due within one year	-	(17)
Total deferred tax liabilities due within one year	-	(17)

Movements in deferred taxation during the current year are analysed as follows:

Deferred tax assets and liabilities	Depreciation in excess of capital allowances £'000	Financial instruments £'000	Total £'000
At 1 October 2018	64	(8)	56
(Charged)/credited to the statement of total comprehensive income	45	(9)	36
At 30 September 2019	109	(17)	(92)
Credited/(charged) to the statement of total comprehensive income	-	17	(17)
Movement arising from transfer of trade	(109)	-	(109)
At 30 September 2020	-	-	-

Depreciation in excess of capital allowances principally relates to timing differences in respect of computer software and property, plant and equipment. Financial instruments temporary differences arise in respect of financial instruments accounted for under IAS 39. There are unrecognised deferred tax assets at 30 September 2020 in respect of current year losses (2019: None).

14. Trade and other receivables

	30 September 2020 £'000	30 September 2019 £'000
Trade receivables	-	244
Amounts due from Group undertakings	-	40
Other receivables	-	34
Prepayments and accrued income	-	103
	<u>-</u>	<u>421</u>

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, bear no interest and are repayable on demand.

15. Derivative financial instruments

	30 September 2020		30 September 2019	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	-	-	89	-
Total and current portion	<u>-</u>	<u>-</u>	<u>89</u>	<u>-</u>

Fair value measurements

Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate observable prices in active markets, such as interest rates and foreign currency exchange rates. These market-based inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility and discount rate.

Forward foreign exchange contracts are used by the Company to mitigate against the risk of adverse foreign exchange losses on future expected payments to overseas hoteliers and other non-UK based suppliers.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The amount recognised in the statement of comprehensive income that arises from hedges amounts to a profit of £88,000 (2019: loss of £47,000).

16. Trade and other payables

	30 September 2020 £'000	30 September 2019 £'000
Trade payables	-	3
Amounts due to Group undertakings	-	773
Accruals and Payments received on account	-	1,043
	<u>-</u>	<u>1,819</u>

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, bear no interest and are repayable on demand.

17. Called up share capital

	30 September 2020 £'000	30 September 2019 £'000
Issued, allotted, and fully paid		
50,000 (2019: 7,200,000) ordinary shares of £1.00 each	50	50

18. Dividends paid

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Ordinary interim dividend paid	-	3,258

The Company paid an interim dividend of £65.00 per ordinary share in cash totalling of £3,258,000 to its sole shareholder, Trek Investco Limited, during the previous financial year.

19. Contingent Liabilities

The Company continues to provide a cross guarantee between certain Group companies with Barclays Bank PLC in respect of the Group's overdraft facility for its UK Sterling denominated bank accounts. As at 30 September 2020, the total liability for which the Company is a cross guarantor amounted to £23.5m (2019: £3.7m).

20. Ultimate parent company and controlling party

The ultimate controlling party of the Company is KKR & Co Inc., on behalf of funds under its management. The immediate parent company is Trek Investco Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by Travelopia Group Holdings Limited. Copies of the Travelopia Group Holdings Limited financial statements are available from the Company Secretary, Travelopia Holdings Limited, Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. No other financial statements include the results of the Company.

21. Disposal of trade and assets

On 1 November 2019, the business and net assets of the Company were acquired by Exodus Travels Limited, a fellow Group company for a consideration of £958,000, resulting in no profit or loss on disposal. Trek America now operates as a brand within Exodus Travels Limited.

	Book Value £'000
As at 1 November 2019:	
Intangible assets (Note 11)	339
Tangible fixed assets (Note 12)	15
Deferred tax asset	109
Trade and other receivables	353
Acquired cash	2,903
Trade and other payables	(2,761)
Net assets	958
Consideration payable	(958)
Goodwill on acquisition	-