COMPANY REGISTRATION NUMBER 04853546

Travel Republic Ltd

Annual Report and Financial Statements

31 March 2021

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Travel Republic Ltd

Annual Report and Financial Statements

Year ended 31 March 2021

Contents	**Page**

Travel Republic Ltd

Officers and Professional Advisers

The Board of Directors	Mr A H Parkar Mr J W Gubbay Mr J C Bevan
Registered Office	Clarendon House 147 London Road Kingston Upon Thames Surrey KT2 6NH
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 1 Hardman Square Manchester M3 3EB
Bankers	Barclays Bank PLC 1st Floor 3 Hardman Street Spinningfields Manchester M3 3HF
Registered Number	04853546

Travel Republic Ltd

Strategic Report for the year ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Review of the business

The principal activity of Travel Republic Ltd (the 'Company') during the year was that of an online travel agent.

Travel Republic Ltd is owned wholly by dnata Travel Holdings UK Limited, whose principal activity is that of a holding company. The ultimate parent company is the Investment Corporation of Dubai, a company incorporated in the United Arab Emirates under an Emiri decree.

The results for the Company show a loss for the financial year of £20.6m (2020 restated: loss £8.2m). Revenues decreased to £17.8m (2020 restated: £279.7m) whilst losses before tax for the year increased to £20.6m (2020 restated: loss of £8.5m). The Covid-19 pandemic has had a devastating impact on the travel and tourism industries. As a commercial player within this marketplace, the Company has had to endure the significant downside brought on by the virus. The challenges faced by the Company are similar to all companies within the value chain: namely to ensure adequate cash remains in the business despite the requirement to refund customers for cancelled bookings, and despite the exceptionally low levels of new and future bookings throughout the financial year. In this regard, the Company has had access to a £109m loan drawn down by its immediate parent company, dnata Travel Holdings UK Limited. As at 31 March 2021, the Company has utilised £80.2m of this funding, which is included in Creditors falling due within one year. The Company has net liabilities at 31 March 2021 of £31.8m (2020 restated: net liabilities £11.2m).

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. The Company operates in the travel intermediary segment, made up of travel agents and tour operators.

The business environment is and will continue to be dominated by the repercussions of Covid-19 for the foreseeable future. Once the initial pandemic is contained, and travel starts up again, the market is likely to contract significantly in the short to medium term, with forecasts currently showing a full recovery to 2019 levels being unachievable until 2023 and beyond.

Management have therefore put in place a substantially reduced organisational structure, to support a commercially lean operating model. The long term strategy will always remain focusing on the customer and delivering memorable travel experiences in order to maximise sales through the brand's loyal customer base when the market recovers.

Travel Republic Ltd

Strategic Report for the year ended 31 March 2021 *(continued)*

Strategy and future outlook

Our strategy is focused on the following key drivers;

- Absolute focus on cash flow to ensure the Company emerges stronger from the pandemic
- Rightsizing the organisation in light of a Covid-19 related contraction in the industry, maintaining a best in class sustainable cost base through focus on cost control
- Putting the customer at the heart of all decisions (eg. refunds, amendments)
- Robust product innovation and selection
- Development of website to enhance customer experience and improve user journey
- Optimisation of marketing investment to drive traffic growth
- Continuous improvement in website conversion levels
- Customer service transformation
- Data driven decision making

The above drivers will assist in delivering improved market share, product development and efficiencies to deliver improvements in overall profitability.

Principal risks and uncertainties

The Directors have identified a number of risks and uncertainties that could potentially damage the current business model and future growth opportunities of the Company. They are listed below with their respective mitigation strategies.

Risk / Uncertainty	*Mitigation*
General contraction in demand and customer confidence due to the Covid-19 pandemic	Conserve its cash position to maintain liquidity, drawing down lines of credit from its parent company to navigate the short and medium term disruption from Covid-19. Rightsize the business including all support functions to ensure that costs are optimised in the medium and long term
Fall in demand due to customers going directly to suppliers and bypassing travel intermediary companies	
Prolonged downturn in the UK economy following Britain's exit from the EU leading to a reduction in demand for the Company's products and services	
Any significant damage to the UK group's reputation or brands, including but not limited to experiences in delayed refunds within the travel industry as a whole	Ensure it operatives fairly and equitably to both its customers and suppliers. Process Covid-19 related refunds in a timely manner.
Pace of technological advancement brings new entrants into the market with state of the art technology further enhancing the online travel agent customer offering	Ensure it delivers competitively-priced products to the market through its brand and is at the forefront of adopting developments in selling and fulfilment technology
Disruption to information technology systems or infrastructure, premises or business processes	
Loss of, or difficulty in, replacing senior talent	Maintain its people and culture programme including succession planning, professional development and robust recruitment process

Principal risks and uncertainties ***(continued)***

Risk / Uncertainty	*Mitigation*
Natural catastrophe including closure of airspace or another global pandemic	Continually monitor destinations that are sold and where necessary, take advice from both regulators and the government in regard to risk assessment
Political unrest or terrorism in different areas of the world	
Performance failure by outsourced partners and third party suppliers	Continually monitor financial health of key suppliers
Changes to the current regulatory environment	Keep abreast of government and regulatory mandates, plan appropriately
Environmental risks and regulations	

Key Performance Indicators ("KPIs")

The travel market is dynamic and the directors track and monitor business performance through the use of a range of KPIs.

An important KPIs used to monitor performance is gross profit as a % of revenue. Gross profit as a % of revenue was 20.6% for 2021 (2020 restated: 11.2%).

Customer Net Promoter Scores (NPS) and repeat customer percentages are key performance indicators that are monitored continually. Due to their commercially sensitive nature, figures for these KPIs are not disclosed in this report..

Directors' Section 172(1) Statement

The Directors of the Company attend the wider dnata Travel UK Board. The Board acknowledges its responsibility under section 172(1) of the Companies Act 2006 and below sets out the key processes and considerations that demonstrate how the Directors promote the success of the Company.

The below statements sets out the requirements of the Act, section 172(1), and note how the Directors discharge their duties.

The Board meet monthly with papers circulated in advance to allow the Directors to fully understand the performance and position of the Group, alongside matters arising for decision. Each decision made by the Directors is supported by papers which analyse the possible outcomes so that an educated decision can be made based upon the likely impact on the Group.

Directors' Section 172(1) Statement *(continued)*

Factors (a) to (f) below, are all taken into account during the decision making process.

a) Long term consequences

Decisions required to be made by the Board are presented in the form of business cases, which show the cost/benefit analysis, cash flows and any non-financial considerations of each proposal.

The group has a 3-year Medium Term Plan (MTP), which is reviewed regularly to benchmark performance and achievements against. Strategy is reviewed in detail each year at multiple Board Strategy Away Days. Any decisions signed off by the Board are added into the MTP/budget targets, and monitored accordingly.

b) Employees

The Company sees its employees as its greatest assets, and engages consistently with them through a variety of mediums. More details of how the Company informs and interacts with its employees can be seen in the Directors Report on page 8.

c) Suppliers, customers and others

The customer is central to the operations of the Company. Customer Net Promoter Scores (NPS) and repeat customer percentages are key performance indicators that are monitored continually. Feedback is collected and actions undertaken to improve these at all times. Each website development is carried out with a view to improving the user experience.

A good relationship with our suppliers is also key to the ongoing success of our Company. The Company benefits from dnata Travel's wider air and ground product purchasing and procurement teams, who maintain very high levels of engagement with suppliers via face-to-face meetings, phone calls, and trade shows.

d) Community and the environment

The Company is keen to align its business strategy with broader sustainability issues. This means that the business works with its supply chain partners and customers to achieve tangible and long-lasting benefits to the environment and communities within the Company operates.

The Company has a relatively low carbon footprint, but acknowledges improvements can always be made, and the Directors encourage video calling rather than air travel. The Company also engages with local communities and charities.

Directors' Section 172(1) Statement *(continued)*

e) Maintaining a reputation for high standards of business conduct

The Directors are committed to high standards of business governance and conduct. Where there is a need to seek advice on particular issues, the Board will seek advice from its legal and business advisors, to ensure the consideration of business conduct, and its reputation maintained.

f) Fairness between members of the company

The Company is owned by a sole shareholder, dnata Travel Holdings UK Limited, which is in turn owned by dnata. The Directors of the Company are ultimately employees of dnata, and as such the Board feels that the executive Directors are fully aligned with the shareholders.

Approved by the Board on 20 August 2021 and signed on its behalf by:

Mr J.W Gubbay
Director

Travel Republic Ltd

Directors' Report for the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Directors of the Company

The directors who were in office during the year and up to the date of signing the financial statements were as follows:
Mr A H Parkar
Mr J W Gubbay
Mr J C Bevan

Directors' indemnities

During the year and up to the date of approving the financial statements, the Directors had a qualifying third party indemnity provision in place.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and intercompany borrowings. The current economic conditions continue to create uncertainty particularly over the level of demand for the company's products.

A letter of support has been obtained from dnata, intermediate parent company, who have confirmed they will continue to support the company and provide any further intercompany financing, if required, for a period of at least 12 months from the date of approval of the financial statements. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months from the date of approving these financial statements. The company therefore, continues to adopt the going concern basis in preparing its financial statements.

Dividends

No dividends were declared or paid in the year ended 31 March 2021 (2020: £nil). None have been declared or paid after 31 March 2021 up to the date of signing.

Donations

During the year the company made no charitable or political donations (2020 £nil).

Financial risk management objectives and policies

Objectives and policies

As detailed in the notes to the financial statements, the Company seeks to manage its risk in relation to currency movements by forward buying the currency to match the known future foreign exchange requirements as the relevant customer bookings are received.

Price risk, credit risk, liquidity risk and cash flow risk

In normal times, there is minimal liquidity, cash flow and credit risk to the company as customers pay in advance of their holidays and it is normal for the Company to carry significant amounts of cash. However, during the Covid-19 pandemic the Company has faced increased liquidity risk due to the need to refund customers for cancelled bookings, in advance of refunds from suppliers. To mitigate this liquidity risk, the Company has utilised a parent company loan, in order to maintain cash reserves during this time. The risks in relation to price variance are minimised by having a wide range of providers and products on offer.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Communication

It is the Company's policy to ensure that its employees are kept fully informed on matters which affect them in order to provide the necessary understanding of the Company's business aims and performance. The Company's personnel policies ensure its employees are communicated with on a regular basis and on a wide range of issues. Employees' views are sought via Town Halls, open question sessions, so that these can be taken into account in making decisions that affect their interests.

Training and development

The importance of staff training and development as a key to business success is recognised at all levels. The Company provides training both internally and externally related to specific business requirements in order to improve business efficiency and to enable the Company to comply fully with legislation and local regulations.

Human resources

The Company is committed to equality of opportunity and does not discriminate between employees or potential employees on any grounds and the requirements of all relevant employment legislation are fully recognised. Due consideration is given to recruitment, promotion, training and working conditions of all staff.

Research and development

The Company continues to develop innovative software to enable the bookings and marketing analysis systems to maintain and enhance the Company's position in the marketplace. Attributable costs of £1.8m (2020: £3.6m) were capitalised as intangible assets in the year.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which the auditors are unaware.

Matters disclosed elsewhere within the financial statements

Required disclosures in relation to the Company's KPIs on page 4, business review on page 2, principal risks and uncertainties on pages 3 and 4, Section 172(1) stakeholder engagement on pages 4 to 6 and future developments on page 3 have been included within the Company's Strategic Report on pages 2 to 6 of the financial statements.

Covid-19

The business was and continues to be materially impacted by the Covid-19 pandemic and as a result, management has revisited the revenue recognition policy surrounding its core revenue streams. The details of this are summarised in note 3. Additionally, the Company has made specific provisions and adjustments against other operating revenue streams to mitigate the risks around future cancellations. Critical accounting assumptions regarding the provisions taken can be found in note 3. The key impacts of Covid-19 on the financial statements are referenced in the relevant notes, and finally summarised in note 3.

Independent auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

Travel Republic Ltd

Directors' Report for the year ended 31 March 2021 *(continued)*

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board on 20 August 2021 and signed on its behalf by:

Mr J.W Gubbay
Director

Independent auditors' report to the members of Travel Republic Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Travel Republic Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Travel Republic Ltd *(continued)*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Travel Republic Ltd *(continued)*

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and General Data Protection Regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial statements through fictitious journal postings and management bias within accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to revenue;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Travel Republic Ltd *(continued)*

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
20 August 2021

Travel Republic Ltd

Income Statement

Year Ended 31 March 2021

	Note	2021 £000	2020 £000 Restated
Revenue	4	**17,827**	279,685
Cost of sales		**(14,160)**	(248,298)
Gross profit		**3,667**	31,387
Distribution costs		**(772)**	(22,885)
Administrative expenses		**(22,248)**	(17,121)
Other operating income	5	**895**	382
Operating loss	6	**(18,458)**	(8,237)
Finance income	10	**9**	69
Finance costs	11	**(2,194)**	(303)
Loss before taxation		**(20,643)**	(8,471)
Income tax credit	12	**70**	292
Loss for the financial year		**(20,573)**	(8,179)

All of the activities of the Company are classed as continuing. Note 27 to the financial statements includes details regarding the restatement of the prior year.

There is no other comprehensive income or expenses other than those included above therefore no separate statement of comprehensive income has been presented (2020: nil).

The notes on pages 18 to 49 are an integral part of these financial statements.

Travel Republic Ltd

Balance Sheet

As at 31 March 2021

	Note	2021 £000	2020 £000 Restated
Fixed assets			
Intangible assets	13	**3,850**	5,644
Property, plant and equipment	14	**1,364**	1,778
Right-of-use assets	15	**3,134**	3,635
		8,348	11,057
Current assets			
Inventories	16	**158**	190
Trade and other receivables	17	**66,951**	41,153
Cash and cash equivalents		**1,428**	-
		68,537	41,343
Creditors: amounts falling due within one year	18	**(103,514)**	(53,062)
Net current liabilities		**(34,977)**	(11,719)
Total assets less current ~~liabilities~~		**(26,629)**	(662)
Provisions for liabilities	19	**(2,678)**	(7,512)
Creditors: amounts falling due after more than one year	20	**(2,508)**	(3,068)
Net liabilities		**(31,815)**	(11,242)
Equity			
Called up share capital	21	**41**	41
Share premium account		**59**	59
Accumulated losses		**(31,915)**	(11,342)
Total shareholders' deficit		**(31,815)**	(11,242)

Note 27 to the financial statements includes details regarding the restatement of the prior year. The financial statements on pages 15 to 49 were approved by the board of directors. on 20 August 2021 and signed on its behalf by:

Mr J W Gubbay
Director

Travel Republic Ltd

Statement of changes in equity

Year ended 31 March 2021

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total shareholders' deficit £000
Balance as at 1 April 2020 (Restated)	41	59	(11,342)	(11,242)
Effects of adoption of IFRS 16 : Leases policy	-	-	-	-
Loss and total comprehensive expense for the financial year	-	-	(20,573)	(20,573)
Balance as at 31 March 2021	**41**	**59**	**(31,915)**	**(31,815)**

	Called up share capital £000	Share premium account £000	Retained earnings/ (accumulated losses) £000	Total shareholders' deficit £000
Balance as at 1 April 2019	41	59	13,043	13,143
Prior Year Restatement (Note 27)	-	-	(16,206)	(16,206)
Balance as at 1 April 2019 (Restated)	**41**	**59**	**(3,163)**	**(3,063)**
Loss and total comprehensive expense for the financial year (Restated)	-	-	(8,179)	(8,179)
Balance as at 31 March 2020 (Restated)	**41**	**59**	**(11,342)**	**(11,242)**

The notes on pages 18 to 49 are an integral part of these financial statements.

1. General information

The Company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom.

The address of its registered office is:
Clarendon House
147 London Road
Kingston Upon Thames
Surrey
KT2 6NH

2. Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101).

The financial statements were prepared under the historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the company's financial statements.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and intercompany borrowings. The current economic conditions continue to create uncertainty particularly over the level of demand for the company's products. A post Covid-19 reforecasting exercise continues to be assessed by the Directors, identifying potential shortfalls in working capital, and therefore requiring access to further intercompany borrowing. Additional intercompany borrowing is requested from the Group by immediate parent company dnata Travel Holdings UK Limited. This will be utilised to address any potential shortfalls in working capital across all entities.

Management continues to assess forecasts and projections, taking account of reasonably possible changes in trading performance across all entities arising due to the continued unpredictability within the travel industry. These do not suggest that the company will return to its previous levels of performance in the short term.

A letter of support has been obtained from dnata, intermediate parent company, who have confirmed they will continue to support the company and provide any further intercompany financing, if required, for a period of at least 12 months from the date of approval of the financial statements. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months from the date of approving these financial statements. The company therefore, continues to adopt the going concern basis in preparing its financial statements.

Summary of disclosure exemptions

The following exemptions from requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

• IFRS 7, 'Financial Instruments: Disclosures'

• Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'

• Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS1;
(ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
(iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the year)

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Summary of disclosure exemptions *(continued)*

• The following paragraphs of IAS 1, 'Presentation of financial statements':
  (i) 10(d), (statement of cash flows)
  (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassified items in its financial statements),
  (iii) 16 (statement of compliance with all IFRS),
  (iv) 38A (requirement for minimum of two primary statements, including cash flow statements),
  (v) 38B-D (additional comparative information),
  (vi) 40A-D (requirements for a third statements of financial position)
  (vii) 111 (cash flow statement information), and
  (viii) 134-136 (capital management disclosures)

• IAS 7, 'Statement of cash flows'

• Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

• Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

• The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT, cancellations and other associated taxes

For component only sales, where the Company's role in a transaction is that of agent and the company does not take ownership of the products being sold, revenue is recognised on a net basis, with revenue representing commissions earned. Such revenue comprises agency commission earned on the sale of single travel components (including accommodation, car hire, airport parking and insurance) and is recognised on the date of departure. From the point of booking until the point of departure, such revenue is held on the Balance Sheet and classed as deferred revenue. This is a change from previous treatment, see note 27.

For packages sales, where the Company's role in a transaction is that of principal (purchasing products from different suppliers and putting them together to offer a 'holiday package' for a single price to the customer), revenue is stated at the contractual value of services provided and is recognised on a gross basis on the date of departure. From the point of booking until the point of departure, such revenue and cost of sales are held on the Balance Sheet and classed as deferred revenue/cost of sales respectively. For multi contract packages, this is a change from previous treatment, see note 27.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements for the year ended 31 March 2021 *(continued)*

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Incentive income

Where the Company acts as an agent and receives additional commission based on the achievement of certain gross sales values over a specified period, this additional commission is recognised when the company becomes entitled to receive it, which is when the relevant targets are achieved. It is shown as part of revenue and is recognised at departure.

Finance income

Interest income is recognised on a time proportion basis at the effective interest rate applicable.

Other operating income

Partnership marketing income is recognised as and when it is earned. Furlough payments received from the government as part of economic measures to mitigate against Covid-19, are recognised over the period to which they relate

Finance costs

Interest on right-of-use leases is unwound to the income statement in line with the lease payments.

Other loan interest relates to interest charged by the immediate parent entity, in relation to the cash loan to fund the company's liquidity through the Covid-19 pandemic. Such interest is charged to the income statement in the month in which it is incurred.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The functional and presentational currency is GBP and the financial statements have been rounded to the nearest thousand pound.

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is charged so as to write off the cost of assets, less its estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over their estimated useful lives, as follows:

Asset class	*Depreciation method and rate*
Leasehold improvements	Over lease term
Equipment	20% - 33% straight line

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Right-of-Use Assets (under IFRS16)

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs.

Depreciation

Depreciation is charged so as to write off the cost of assets, less its estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over their estimated useful lives, as follows:

Asset class	*Depreciation method and rate*
Property	Over lease term

Intangible assets

Goodwill

Goodwill arising on acquisition is capitalised in the Balance Sheet and is assessed for impairment on an annual basis in accordance with IAS 36 'impairment of assets'. Any impairment against carrying value is charged to the income statement (within administrative expenses) in the period in which it arises.

Research and development

Capitalised development costs are recorded as intangible assets and amortised from the point of capitalisation. See note 13.

Amortisation of intangible assets

Amortisation is charged so as to write off the cost of assets, less its estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over their estimated useful lives. There was a change of treatment in the financial year (see note 3).

Asset class	*Amortisation method and rate*
Computer Software - Front-End / App Developments. User Interface / User Experience	33% straight line
Mid-level, hybrid front/back-end developments	25% straight line
Infrastructure / Platforms and back-end developments / Major framework rebuilds (Front/Mid/Back)	20% straight line

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Impairment of intangible Assets

A provision for the impairment of intangible assets is established when there is objective evidence that based on technological advancement or economic utilisation, there is a material risk to the carrying value of those assets.

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 (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method. Client money received at the balance sheet date and not yet due to suppliers is included within Revenue in advance.

Leases

The company leases one office. The rental contract is for a fixed period of 10 years but may have extension options. The lease agreement does not impose any covenants other than the security interests in the leased asset that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Leases *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the company under residual value guarantees; the exercise price of a purchase option if the company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Any funds borrowed for such a purpose would be at the prevailing market rate, therefore the incremental borrowing rate is the rate advised by the Company's bankers.

Employee benefits

Defined contribution pension obligation

For defined contribution plans, the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and charged to the income statement. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The assets of the scheme are held separately from those of the Company.

Financial instruments

The company classifies its financial assets as; amortised cost or fair value through profit or loss (FVTPL).

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Financial instruments *(continued)*

a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):
• the asset is held within a business model whose objective is to collect the contractual cash flows, and
• the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item within the income statement under net impairment losses on financial and contract assets.

b) Financial assets at fair value through profit or loss

The company only holds derivative financial instruments at fair value through profit or loss, the policy for which has been discussed below.

Derivatives and hedging

The Company uses derivative financial instruments of forward foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each year end. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any movement in derivatives is included within the income statement as administrative expenses (refer note 6).

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Dividends

Dividends are recognised in the financial statements once they have been declared and approved by the Directors and are treated as a deduction from shareholders equity.

Provisions

Provisions are recognised at the point in which the Company has a legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company does not provide for the cancellation of bookings as a result of the revenue recognition policy change explained in note 3.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgement in applying the entity's accounting policies

Revenue Policy Change

The Covid-19 pandemic has had a significant impact on the Company and the wider travel industry. The consequences of the pandemic on the company initiated the Directors' to reassess the revenue recognition policy.

The principal activity of Travel Republic is that of an online travel agent. The services that the Company provides includes multi-contract packages and component only sales.

Package sales

Package sales include two types of arrangements, the first is a 'single-contract package' where the Company purchases products from different suppliers and putting them together to offer a 'holiday package' for a single price to the customer. In this instance, the Company has determined that the Company is acting as the principal in these transactions and revenue has historically been recognised on a gross basis, at the point of departure. There is no change proposed in relation to this accounting policy.

Multi-contract packages also includes arrangements whereby the customer chooses various components of a holiday separately on the website, hotel, flight, transfers etc, and the Company puts these together as a package holiday. In this instance, the Company has previously determined that the Company is acting as the agent in these transactions as it has been of the view that the customer has contracted directly with the component suppliers and as a result revenue has historically been recognised on a net basis, at the point of booking.

The Directors' have revisited the facts and circumstances relating to revenue transactions in order to determine whether it remains reasonable to recognise revenue on a net basis and at the point of booking for multi-contract package sales, alongside the factors set out in IFRS 15 including whether:

1) The entity has primary responsibility for fulfilling the service

2) The entity has an inventory risk if the service is not transferred to the customer

3) The entity has discretion for establishing the prices for the services

3. Critical accounting estimates and judgements *(continued)*

Revenue policy change (continued)

The events of the last year have brought into focus the responsibility retained by the Company post booking and as a result, the Directors' have re-assessed the nature of the performance obligation they undertake as "agent" – and they have concluded that there is more to their performance obligation than simply putting the customer in contact with suppliers at the point of booking. The Company's obligations include connecting the customer to the supplier and also the provision of after-booking services, for instances of cancellations or amendments (which can include supplier-led and customer-led changes). This is particularly relevant following the introduction of The Package Travel and Linked Travel Arrangements Regulations 2018 (PTR), which contained a number of important concepts, which together amounted to a considerable challenge to Travel Republic's assertion that it was only acting as an agent in respect of multi-contract packages.

Up until the Covid-19 pandemic, management's view was that although the PTR's put additional burdens on Travel Republic in respect of multi-contract packages, the likelihood of termination was remote, and could be mitigated in most circumstances by offering the customers alternative arrangements. As a result, the justification for agency status was unchanged.

The Covid-19 pandemic brought with it vast amounts of cancellations from flight and hotel providers, as well as government travel bans impeding the transfer of services from the Company to the customer. The PTR's required the Company to refund customers within 14 days, regardless of when or if the Company were to be refunded by the suppliers. In some instances, the flights in question actually operated in spite of the government advising against all but essential travel, meaning flight costs become irrecoverable.

As the Company has navigated the impact of the pandemic, management have concluded that their agency services are not finally complete, thus not fully transferred to the customer, until the underlying service has commenced (for example, the outbound flight departed or the customer has checked-in for a hotel stay). This conclusion is supported by the fact that the Company provides post booking services as customary business practice (particularly evidenced by the experience over the last year) and that, up to the commencement of the underlying service, customers generally contact the Company to deal with any issues or amendments whereas, from that point onwards, the customer is in direct contact with the underlying service provider.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements for the year ended 31 March 2021 *(continued)*

3. Critical accounting estimates and judgements *(continued)*

Revenue policy change (continued)

In light of this, management now feel that these events have crystallised the reality that Travel Republic has primary responsibility for fulfilling the service in respect of multi-contract packages and have therefore taken the judgement that Travel Republic will therefore in the case of multi-contract package sales be considered as a principal going forward. As a result, revenue is now stated at the contractual value of services provided and is recognised on a gross basis on the date of departure. It is the Directors' view that the new policy provides 'reliable and more relevant' information and has therefore been treated as a change in accounting policy which, applied retrospectively in accordance with IAS 8. See note 23 for the prior year restatement.

Component only sales

Revenue relating to component only sales are where a customer purchases either a single component e.g a hotel or a flight.

The judgment has historically been taken to recognise revenue on the basis that the Company's role in a transaction is that of an agent, with no ownership being taken for any of the products being sold. Revenue was recognised on a net basis, with revenue representing commissions earned. Such revenue comprised agency commission earned on the sale of single travel components (including accommodation, car hire, airport parking and insurance) and was recognised on the date of booking basis.

This judgement was taken due to the assertion that performance obligations are satisfied at the point of booking, citing the brand's Terms and Conditions that the contract thereafter is between the customer and the supplier.

As with multi-contract packages, the events of the last year have brought into focus the responsibility retained by the Company post booking and as a result, the Directors' have re-assessed the nature of the performance obligation they undertake as "agent" – and they have concluded that there is more to their performance obligation than simply putting the customer in contact with suppliers at the point of booking. The Company's obligations include connecting the customer to the supplier and also the provision of after-booking services, for instances of cancellations or amendments (which can include supplier-led and customer-led changes).

The Company has considered whether in the cases of cancellations or amendments, there is in fact a further performance obligation to be satisfied, namely: offering alternative arrangements; or cancelling or terminating the contract for arrangements and providing refunds without undue delay of all monies paid. In reality, the overall income received for amendment and cancellation fees is immaterial and the Company is of the view that there is sufficient customary business practise to demonstrate that these services are often provided for free and therefore exists only one performance obligation.

3. Critical accounting estimates and judgements *(continued)*

Revenue policy change (continued)

Management have concluded that their agency services are not finally complete, thus not fully transferred to the customer, until the underlying service has commenced (for example, the outbound flight departed or the customer has checked-in for a hotel stay). This conclusion is supported by the fact that the Company provides post booking services as customary business practice (particularly evidenced by the experience over the last year) and that, up to the commencement of the underlying service, customers generally contact the Company to deal with any issues or amendments whereas, from that point onwards, the customer is in direct contact with the underlying service provider.

Management has therefore reached a judgement that henceforth component only sales will be recognised in the P&L on a departure date basis, rather than at the point of booking. Revenue on bookings made that have not yet departed will be reported as deferred revenue on the balance sheet. It is the Directors' view that the new policy provides 'reliable and more relevant' information and has therefore been treated as a change in accounting policy which, applied retrospectively in accordance with IAS 8. See note 27 for the prior year restatement.

Incentive income that was previously categorised as a reduction to cost of sales has now been restated as part of revenue (see note 27).

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Provisions / adjustments for Covid-19

Provisions and adjustments have been established to take account of the impact of Covid-19.

Where the business has either cancelled bookings made for future periods, or not yet cancelled but management has deemed the probability as high, the relevant non-trading income relating to these bookings (Global Distribution System segment income, virtual credit card rebates) have been adjusted (£87.3k, 2020: £nil).

Where package bookings have been cancelled since the onset of the pandemic (post February-2020), the Company has taken the decision to refund customers irrespective of whether the supplier refund has been received. Of the £16.3m supplier refunds still outstanding at the year-end date, management have evaluated their recoverability, and a resultant £8.8m provision has been made, which resides in other receivables on balance sheet (see note 17). In addition to this, a general provision for irrecoverable flight costs has also been made of £600k which resides in provisions for liabilities on the balance sheet (see note 19).

3. Critical accounting estimates and assumptions *(continued)*

Provisions / adjustments for Covid-19

Actual package and flight bookings which had been due to depart, but are now deemed to have been cancelled, have been provided for at a value of £1,666k (2020: £6,829k). These provisions reside in provisions for liabilities on the balance sheet (see note 19).

Intangible assets policy change

Management has reviewed the asset classes of intangible assets held on the balance sheet and reassessed their useful lives. Historically, all intangible assets have been amortised over 5 years (20% straight line). The new classes are shown in the table below. The impact of this reassessment can be seen in note 13.

Asset class	*Amortisation method and rate*
Computer Software - Front-End / App Developments. User Interface / User Experience	33% straight line
Mid-level, hybrid front/back-end developments	25% straight line
Infrastructure / Platforms and back-end developments / Major framework rebuilds (Front/Mid/Back)	20% straight line

Amortisation under the new rate is £2,489k and under the old rate would have been £2,041k.

4. Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021	**2020**
	£000	**£000**
Trading revenue	**17,799**	279,286
Other revenue	**28**	399
	17,827	279,685

Note 27 to the financial statements includes details regarding the restatement of the prior year.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements for the year ended 31 March 2021 *(continued)*

5. Other operating income

	2021	2020
	£000	**£000**
Other operating income	**895**	382
	895	382

Other operating income contains £787k government grant received for furloughed employees under the Covid Job Retention Scheme (2020: £nil) and partner marketing income of £108k (2020: £382k).

6. Operating loss

Arrived at after charging/(crediting)

	2021	2020
	£000	**£000**
Amortisation expense	2,489	1,912
Depreciation expense on Property, plant and equipment	698	711
Depreciation expense on ROU assets	501	501
Covid19 bad debt	-	81
Foreign exchange losses/(gains)	39	(1,414)
Irrecoverable flight costs	8,233	-

Irrecoverable flights costs of £8,233k relate to flight payments made to suppliers for flights which actually departed but due to government Covid guidance passengers were not able to travel on. As a result, refunds were made to customers, but the corresponding refunds were not able to be received from suppliers.

Covid19 bad debt charge of £nil (2020: £81k) relates to enhanced bad debt provisions as a result of Covid-19.

7. Employees and Directors Costs and Numbers

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £000	2020 £000
Wages and salaries	**6,187**	12,387
Social security costs	**673**	1,247
Other pension costs	**168**	299
	7,028	13,933

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	**153**	238
Directors	**1**	2
	154	240

8. Directors' remuneration

The aggregate directors' remuneration for the year was as follows:

	2021	2020
	£000	£000
Remuneration	**139**	288
Contributions paid to money purchase schemes	**7**	15
	146	303

During the year the number of directors who were receiving pension benefits was as follows:

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	1	2

The highest paid director's remuneration was as follows:

	2021	2020
	£000	£000
Remuneration	**139**	163
Company contributions to money purchase pension schemes	**14**	8
	153	171

The remuneration of 2 (2020: 3) directors was paid for by sister companies, Gold Medal Travel Group and dnata. No recharge has been made.

9. Auditors' remuneration

	2021	2020
	£000	£000
Audit of the financial statements	**83**	**114**
Non-audit fees	**3**	**3**
	86	**117**

10. Finance income

	2021 £000	2020 £000
Bank interest received	9	69

11. Finance costs

	2021 £000	2020 £000
Finance costs		
Lease liability interest	102	118
Other loan interest	2,092	185
	2,194	303

Other loan interest includes interest charged by its parent company on cash loan.

12. Income tax credit

Tax credited in the income statement

	2021 £000	2020 £000
Current taxation		
UK corporation tax on loss before taxation	-	-
Adjustments in respect of prior periods	(70)	(292)
Total current tax credit	(70)	(292)
Deferred tax		
- Original and reversal of temporary differences	-	-
- Prior year adjustment	-	-
Total deferred tax credit	-	-
Total tax credit	(70)	(292)

The tax (credit) for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020 - 19%).

12. Income tax credit *(continued)*

The differences are explained below:

	2021 £000	2020 £000
Loss before taxation	(20,643)	(8,471)
Corporation tax at standard rate	(3,922)	(1,609)
Effects of:		
Adjustments in respect of prior periods	**(70)**	**(292)**
Fixed Asset differences	**-**	**10**
Losses carried back	**-**	**-**
Expenses not deductible for tax	**-**	**99**
Remeasurement of deferred tax for changes in tax rates	**-**	**39**
Deferred tax not recognized	**3,922**	**1,461**
Other tax adjustments	-	-
Total tax credit	**(70)**	**(292)**

Future tax changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would have had no impact on the financial statements.

13. Intangible assets

	Research & Development	Goodwill	Total Intangible Assets
	£000	£000	£000
Cost			
At 1 April 2020	9,527	555	10,082
Additions	1,850	-	1,850
Disposal	(3,307)	-	(3,307)
At 31 March 2021	**8,070**	**555**	**8,625**
Accumulated amortisation			
At 1 April 2020	3,883	555	4,438
Charge for the year	2,489	-	2,489
Disposal	(2,152)	-	(2,152)
At 31 March 2021	**4,220**	**555**	**4,775**
Net Book Value			
At 31 March 2020	5,644	-	5,644
At 31 March 2021	**3,850**	**-**	**3,850**

Development costs relate to internal system development and capitalised salary costs. Historically such assets are written down over a period of 5 years, however this has now been reassessed by management and amortised as follows:

Asset class	*Amortisation method and rate*
Computer Software - Front-End / App Developments. User Interface / User Experience	33% straight line
Mid-level, hybrid front/back-end developments	25% straight line
Infrastructure / Platforms and back-end developments / Major framework rebuilds (Front/Mid/Back)	20% straight line

Amortisation is charged to administrative expenses within the income statement.

Disposal relates to the write off of software that is deemed obsolete or no longer in use, resulting in the disposal of £3,307k out of cost and £2,152k out of accumulated amortisation. In addition to the disposal, management has reassessed the useful economic life resulting in an amortisation charge of £2,489k and under the old rate would have been £2,041k.

14. Property, plant and equipment

	Short term leasehold improvements £000	Equipment £000	Total £000
Cost or valuation			
At 1 April 2020	708	3,674	4,382
Additions	136	150	286
Disposal	-	(2)	(2)
At 31 March 2021	**844**	**3,822**	**4,666**
Accumulated depreciation			
At 1 April 2020	163	2,441	2,604
Charge for the year	103	595	698
At 31 March 2021	**266**	**3,036**	**3,302**
Net book value			
At 31 March 2020	545	1,233	1,778
At 31 March 2021	**578**	**786**	**1,364**

Depreciation is charged to administrative expenses within the income statement.

15. Right-of-Use assets

The company has a lease for property. The amounts recognised in the financial statements in relation to leases are as follows:

(i) Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to lease

	2021	2020
	£000	**£000**
Right of-use assets		
Property	3,134	3,635
	3,134	**3,635**
Lease Liabilities		
Current	559	542
Non-current	2,508	3,068
	3,067	**3,610**

£3,068k non current lease liability has been reclassified out of current liabilities for the previous financial year (see note 27).

15. Right-of-Use assets *(continued)*

(ii) Amounts recognised in the Income Statement

The income statement shows the following amounts in relation to leases:

	Note	2021 £000	2020 £000
Depreciation charge of Right-of-use assets			
Property		501	501
	5	**501**	**501**
Interest expense included in finance cost	11	102	118
Future minimum lease payments are as follows:			
Not later than one year		645	645
Later than one year and not later than five years		2,096	2,096
Greater than five years		645	1,290
Total gross payments		**3,386**	**4,031**
Impact of finance expenses		**(319)**	**(421)**
Carrying amount of liability		**3,067**	**3,610**

The total cash outflow for leases in 2021 was £645k (2020: £645k).

16. Inventories

	2021	2020
	£000	**£000**
Goods for resale	**158**	190
	========	=======

The cost of inventories recognised as an expense in the year amounted to £126k (2020: £903k). This is included within cost of sales.

Inventory is stated after a provision of £nil (2020: £nil).

17. Trade and other receivables

	2021	2020
	£000	**£000**
		Restated
Trade receivables	**3,812**	**-**
Amounts owed from group undertakings	**49,780**	**25,079**
Other receivables	**8,114**	**9,006**
Prepayments and accrued income	**5,170**	**5,698**
VAT	**75**	**243**
Corporation tax	**-**	**-**
Derivative financial instruments	**-**	**1,127**
	------------	------------
	66,951	**41,153**
	========	========

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Note 27 to the financial statements includes details regarding the restatement of the prior year.

Credit risk

The Company's principal financial assets are trade and other receivable, and amounts due from other Group and fellow subsidiary undertakings. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts and impairment.

Trade receivables are stated after provision for impairment of £985k (2020: £100k).

Other receivables includes refunds due from suppliers for cancelled bookings of £16.3m, offset by a provision of £8.8m for the same.

18. Creditors: amounts falling due within one year

	2021 £000	2020 £000 Restated
Bank overdraft	-	1,679
Trade creditors	6,056	8,933
Amounts owed to group undertakings	89,488	12,164
Lease Liability	559	542
Taxation and social security	174	306
Derivative financial instruments	235	-
Accruals and deferred income	7,002	29,438
	103,514	53,062

Amounts owed to group undertakings in relation to the £80.2m Covid-19 cash loan from the parent company. This loan is interest bearing at a rate of 4% and is repayable on demand. All remaining amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included in accruals and deferred income is £5.3m of deferred revenue for future departures (2020: £25.3m) and £21k (2020: £43k) of outstanding defined contribution pension payments.

Note 27 to the financial statements includes details regarding the restatement of the prior year.

19. Provisions for liabilities

	Other £000	Sundry £000	Covid19 £000	Total £000
At 1 April 2020	163	137	7,212	7,512
Additions	224	51	2,266	2,541
Utilisation	(163)	-	(7,212)	(7,375)
At 31 March 2021	224	188	2,266	2,678

Other provisions relate to annual leave provision. Sundry provisions relates to dilapidations. For further detail on the Covid-19 provision, please see note 3.

20. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000 Restated
Lease Liability	2,508	3,068
	2,508	3,068

Note 27 to the financial statements includes details regarding the restatement of the prior year.

21. Called up share capital

Allotted and fully paid

	2021 No.	£000	2020 No.	£000
Ordinary shares of £0.01 each	4,123,800	41	4,123,800	41

22. Commitments

Other financial commitments

The company enters into forward foreign currency contracts in order to manage its currency risks arising from its operations. At 31 March 2021, the company had committed to the following forward currency contracts: US Dollars: $740,000 (agreed rate equates to £591,593) Euros: €3,755,195 (agreed rate equates to £3,396,833). The fair value of these is recognised in the Balance Sheet with a liability of £234,613 as at 31 March 2021 (2020: asset of £1,127,508). The movement is recognised within administrative expenses.

23. Hedging instruments

Fair value hedges

The Company carries foreign exchange forward contracts at fair value in the financial statements. These are classified as fair value through profit or loss for accounting purposes. They are used to hedge against currency risks.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk as a result of transactions and outstanding balances with overseas customers and suppliers which are primarily denominated in US Dollar or Euro.

The Company regularly takes out matching forward exchange contracts to mitigate the Company's exposure to changes in foreign exchange rates and applies fair value hedge accounting to such transactions (see accounting policies). The fair value of a forward exchange contract will change in response to fluctuations in the underlying currency of the contract. The fair value of forward exchange contracts at the end of each year is disclosed in note 22.

24. Parent and ultimate parent undertaking

The immediate parent company is dnata Travel Holdings UK Limited, a company incorporated in the United Kingdom.

The penultimate parent company is dnata, a company incorporated in Dubai. The ultimate parent undertaking and controlling company at the year-end was the Investment Corporation of Dubai, a company incorporated in the United Arab Emirates under an Emiri decree. Copies of dnata consolidated financial statements can be obtained from the company secretary at dnata Travel Centre, PO Box 1515, Dubai, UAE.

Investment Corporation of Dubai is the ultimate company to consolidate these financial statements.

25. Contingent liabilities

As at 31 March 2021 the Company had issued bonds and guarantees for £1,565,000 (31 March 2020: £1,565,000) securing the Company's indebtedness to certain airlines and trade bodies arising from normal trading activities.

On 14 October 2014 dnata, a Dubai corporation established by Decree No.1 of 1987 (as amended) by the Government of Dubai, and dnata World Travel, a Dubai corporation established by Decree No.3 of 1989 (as amended) by the Government of Dubai both entered into a deed of guarantee with the Civil Aviation Authority in respect of the ATOL obligations of the Company.

26. Related party transactions

The ultimate parent company, Investment Corporation of Dubai (ICD), is also the parent of sister group, Emirates. Transactions between the Company and Emirates are not disclosed as Emirates are also owned by the Investment Corporation of Dubai, the ultimate parent company of Travel Republic Ltd.

The Company has taken advantage of the exemption in FRS101 not to disclose related party transactions with companies within the Investment Corporation of Dubai.

27. Prior year restatement

The income statement and balance sheet have been restated to reflect the following prior year adjustments.

Revenue policy change

As noted in note 3, there has been a revenue policy change enacted in 2021.

Package sales that were previously recognised on a booked date basis in 2019-20 but which either departed in 2020-21 or were subsequently cancelled, have been transferred from the income statement to the balance sheet. This has impacted £4.3m on both the income statement in revenue (decrease of £67m) and cost of sales (decrease of £62.7m) and the balance sheet in accruals and deferred income (Creditors: amounts falling due within one year - increase of £4.3m).

Multi component package sales and singe component sales that were previously recognised on a booked date basis in 2018-19 or prior, but which either departed in 2019-20 or beyond, or were subsequently cancelled, have been reflected in the brought forward position on the balance sheet. This has impacted the income statement in revenue (increase of £176.2m) and cost of sales (increase of £160m); and the balance sheet in decreased retained earnings of £16.2m).

Multi component package sales that were previously recognised on a net basis are now recognised on a gross basis. This has resulted in an increase of £96.4m in revenue and cost of sales.

Incentive income that was previously categorised as a reduction to cost of sales has now been restated as part of revenue. The value of this reclassification was £4.0m (increase in revenue, and increase in cost of sales).

Change in policy for marketing costs

Marketing costs of £22,877k were reported under Cost of sales for the year ended 31 March 2020, however management feel that it is more accurate to report such costs as distribution costs, to align with other group entities. Therefore £22,877k has been reclassified from Cost of sales to Distribution costs.

Error in classification of lease liabilities

In the financial statements for the financial year ended 31 March 2020, the non current element (£3,068k) of the right-of-use lease liability was incorrectly included in 'Creditors: amounts falling due within one year'. This has now been reclassified to 'Creditors: amounts falling due after more than one year'.

27. Prior year restatement *(continued)*

The impact of the above prior year adjustments on the financial statements is shown below.

The balance sheet has been updated as follows:

	Reported balance 2020 £'000	Adjustment 2020 £'000	Restated balance 2020 £'000
Intangible assets	5,644	-	5,644
Tangible assets	1,778	-	1,778
Right-of-Use assets	3,635	-	3,635
Current assets	41,343	-	41,343
Creditors: amounts falling due within one year	(51,860)	(1,202)	(53,062)
Creditors: amounts falling due after more than one year	-	(3,068)	(3,068)
Provisions	(7,512)	-	(7,512)
Net assets	**(6,972)**	**(4,270)**	**(11,242)**
Called up share capital	41	-	41
Share premium account	59	-	59
Profit and loss account	(7,072)	(4,270)	(11,342)
Total shareholders' funds	**(6,972)**	**(4,270)**	**(11,242)**

27. Prior year restatement *(continued)*

The income statement has been updated as follows:

	Reported total 2020 £'000	Adjustment 2020 £'000	Restated total 2020 £'000
Revenue	70,174	209,511	279,685
Cost of Sales	(73,600)	(174,698)	(248,298)
Gross Profit	**(3,426)**	**34,813**	**31,387**
Distribution costs	(8)	(22,877)	(22,885)
Administrative expenses	(17,121)	-	(17,121)
Other Operating Income	382	-	382
Operating loss	**(20,173)**	**11,936**	**(8,237)**
Finance income	69	-	69
Finance costs	(303)	-	(303)
Loss before taxation	**(20,407)**	**11,936**	**(8,471)**
Income tax credit	292	-	292
Loss for the financial year	**(20,115)**	**11,936**	**(8,179)**

The company has taken the exemption under IAS1 paragraphs 40a-d to not present a third balance sheet as part of the restatements above.