

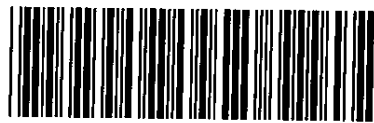
PARENT A.A.S for  
FANATICS SPORTS & PARTY  
TOURS UK LIMITED  
5271017

TIM Intermediateco Limited

Reports of the Directors and the financial statements  
for the financial year to 30 September 2018

Company Number 10604770

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**TIM Intermediateco Limited**  
**Reports of the Directors for the financial year ended 30 September 2018**

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The Directors present their Strategic and Directors' Reports on the consolidated financial statements of TIM Intermediateco Limited for the financial year ended 30 September 2018. Unless stated otherwise, the comparative information is for the 7 month and 22 day period from incorporation on 7 February 2017 to the prior period end on 30 September 2017. TIM Intermediateco Limited (the 'Company') is the parent company of the Travelopia group of companies (the 'Group').

## **STRATEGIC REPORT**

### **Principal activity**

The Group's principal activity during the financial year was that of a tour operator and experiential holiday provider, owning over fifty specialist travel brands across the world. The Company's principal activity is to act as a holding company.

### **Acquisition in the prior period**

The Company was incorporated on 7 February 2017. Neither the Company nor the Group traded prior to the acquisition of the Travelopia Group on 15 June 2017. On 15 June 2017, the Company's indirect subsidiaries, TIM Bidco 1 Limited, and TIM Bidco II Corp, acquired the entire share capital of Travelopia Holdings Limited and Travelopia USA Inc, (together "the Travelopia Group") respectively for consideration of £179.8m. The results of the Travelopia Group and their subsidiary companies have been consolidated in the results of the Group from this date.

The consolidated income statement in the report for the comparative period ended 30 September 2017 represents the performance of the Group from the acquisition of the Travelopia Group on 15 June 2017 to the financial period end on 30 September 2017, a three and a half month period.

### **The Group's divisions**

The Group is headquartered in the UK and is one of the world's leading specialist travel groups providing customers with unique travel experiences, (including adventure travel, safaris, private jet and polar expeditions, tailor-made luxury holidays, yacht and river boat charter holidays, educational and sporting based school trips, corporate hospitality and sporting event fan travel). The Group comprises of over 40 international travel businesses using 51 diverse brands across seven divisions, as set out below.

Our dedication to delivering the very best travel experiences has won us praise not only from our customers, but also from travel professionals and trade publications. We pride ourselves in offering a seamless and specialised customer journey, from the exceptional service and in-depth knowledge of our sales teams, to our best-in-class tour guides and concierges around the globe.

As a result of this dedication, our customer satisfaction and loyalty is incredibly high across our entire portfolio. Our brands frequently receive industry awards and media recognition for their offering.

The range of source markets and destinations covered by Travelopia brands spans all seven continents. This breadth means we can be at the forefront of emerging travel trends, and allows us to spot opportunities for exciting and innovative new products and destinations.

We cater to all sorts of travellers, whether they're looking for an expertly led group tour or a tailor-made adventure. While the majority of our portfolio is positioned towards the higher end of the experiential offering in terms of price, we do have a number of brands offering more affordable price points for those on a tighter budget.

**Expeditions:** The Expeditions division provides a range of premium adventure holidays and expeditions worldwide, including to the Arctic and Antarctica (Quark Expeditions), around the world private jet expedition trips (TCS World Travel) and adventure holidays (Exodus Travels).

**Tailormade:** The Tailormade division focuses on the mid to upper tier holiday market, with holidays predominantly aimed at UK outbound travellers seeking flexible long and short haul holidays. The division also provides holidays to customers living in Ireland and some parts of Scandinavia. Key brands include Hayes & Jarvis, Sovereign and Citalia.

**Le Boat:** The Le Boat division is the market leader of inland waterway boating holidays on European canals and rivers, targeting couples, families and adult groups. At the year end, the division has 926 boats that operate across eight countries, including our newest base and the first one outside Europe, on the Rideau Canal in Ontario, Canada, which opened to customers in Spring 2018.

## STRATEGIC REPORT (continued)

**Yachts:** The Yachts division is home to two of the world's largest Yacht charter companies with a year end fleet of 825 yachts, consisting of sailing catamarans, monohull yachts and powered catamarans. The division offers a range of sailing holiday experiences under The Moorings and Sunsail brands to predominantly North American and European source markets with customers going to the Mediterranean and Caribbean, principally to the British Virgin Islands. The division also sells the multiple award winning sail and powered Leopard Catamarans, designed by South African yacht builder, Robertson and Caine, with worldwide sales and dealers in over twenty five locations.

**US Tour Ops:** The US Tour Operators division provides affordable group and self-guided travel to Alaska, Hawaii and Europe with particular focus on catering for the US market by two brands, Your Man Tours and Europe Express.

**Events:** The Events division sells tours for both amateur clubs, teams and supporters to key sporting events around the world to sports clubs, individuals and agents for onward sale, as well as hospitality packages to Wimbledon and other UK events. Annual, biennial and quadrennial events include the Ashes, the Lions Tour and the Rugby World Cup, which can lead to natural fluctuations in performance over time depending on event timing. Whilst largely based in UK, the Group provides a service offering in Australia and New Zealand with brands such as Fanatics, Australian Sports Tours and Williment

**Education:** The Education division operates across the UK and North America providing a range of educational, expedition and leisure tours as well as residential trips to educational providers such as schools, colleges and universities. Destinations include Normandy in France, Washington DC and Walt Disney World in Florida. The schools expedition brand (World Challenge) also operates in Australia, New Zealand, South Africa and the Middle East, as well as the UK and North America.

### The year in review

The year commenced with the aftermath of Hurricane Irma, the most powerful hurricane to ever hit the North Atlantic, making direct landfall on our yacht bases in the British Virgin Islands ('BVI') and St. Martin in September 2017. The destruction caused to the islands and their infrastructure was extensive. At the time, our base in Tortola in the BVI comprised of a mixed fleet of over 350 vessels and property (consisting of hotel accommodation, restaurants, shops, water sport facilities and boat repair services). Our highest and immediate concern was for the safety and security for our 300 employees as well as customers on the island, both during and in the aftermath of the hurricane and we were happy to report that everyone safely made it through.

Our employees then commenced the long clean-up operation in challenging conditions and we thank them for all their efforts. Our thoughts continue to be with everyone affected and the operational teams, who did an outstanding job in re-opening the base on 9 December 2017 with approximately 100 yachts available to charter and welcoming back our customers. The work to repair the damaged properties commenced during the financial year and will continue throughout the current one.

In December 2017, President Trump signed into US law extensive changes to the US tax system. These changes are known as the Tax Cuts and Jobs Act ("the 2017 Act"). The 2017 Act has, amongst other things, reduced the effective corporation tax rate (including federal state taxes) for our US companies from 39% to 26%, with effect from 1 January 2018. The lower tax rate is the principal reason for an £6.6m charge in the consolidated income statement in the financial year ended 30 September 2018, arising mainly from the write off of US deferred tax assets.

In March 2018, Andy Duncan replaced Will Waggott as the Group's Chief Executive Officer. Andy immediately commenced a review of our strategy, with a view to making the Group the world's leading experiential travel group of companies. Andy has been leading change in our Executive Leadership Team, a new four year strategic plan and our IT strategy throughout the year, with changes continuing throughout and after the year end. An external review of our IT projects has also been undertaken.

Our head office function and its processes continues to develop following the sale from the TUI Group last year. Equally, our own M&A activities continue. In March, the Group announced the sale of the Education division. Whilst this division has performed very well throughout the year, its business is not core to our strategy and hence we consider it better suited to alternative ownership. At the date of signing these consolidated financial statements, the sale process continued. Whilst there have been no further acquisitions during the current year, we have sold one yacht broker company, Master Yachting, in June 2017 for consideration of €7m (£6.3m) that was considered non-core to the Yachts division.

## STRATEGIC REPORT (continued)

Globally the Group has almost 3,500 (2017: more than 3,700) employees working from more than 100 different locations (including offices and operational bases (e.g. marine bases, hotels & activity centres). We are pleased to announce the recruitment of our new Chief People Officer, Sarah Miles, during the financial year to develop our Human Resource function.

In the first full year under our new owners, KKR & Co, Inc, the Group has performed well in many different businesses and geographies within and across all parts of the Group. Much progress has been made in building a sound foundation from which we can significantly grow our Adjusted EBITDA over our upcoming four year budget cycle. The new strategy has been developed and is in place, using new IT, aircraft and ships as significant levers for growth. A contract has been signed to replace our aircraft in TCS World Travel with two new aircraft for delivery in 2020 with significant investment into first class cabin equipment which commenced in the financial year. The Group has also committed to acquiring a new purpose built ice-class expedition vessel, for delivery in 2020, during the financial year. Our IT budget will also see us investing in the region of £35m over the four year budgeting cycle, much of which will enhance our customers' experiences.

### Financial performance

The commentary below reflects the Group's performance for the the current financial year ended 30 September 2018 together with the comparative financial period, including, where applicable, the results of the Group had the Group been acquired on 1 October 2016, in order to provide a more meaningful analysis of the Group's performance.

The Group's loss before tax for the financial year ended 30 September 2018 was £3.7m (2017: restated profit before tax of £9.0m).

The loss (2017: profit) before tax is stated after the inclusion of certain items that are excluded from Adjusted EBITDA. Adjusted EBITDA for the financial year, for which a definition is provided in Note 5 of these financial statements, was £45.9m (financial period from 15 June to 30 September 2017: £46.2m). The Directors consider Adjusted EBITDA to be a more suitable measure to assess the performance of the tour operating businesses. By excluding non-cash items, certain one off, or materially large items the impact of the Group's restructuring, acquisition and disposal activities, the measure presents the underlying, maintainable profits of the Group. The Directors also consider Adjusted EBITDA provides a more comparable Key Performance Indicator ('KPI') to users of the financial statements by excluding the significant financial impact of Hurricane Irma.

To effectively measure the development, performance and position of the Company, the following KPIs are of most relevance.

KPI		Actual Full year ended 30 September 2018	*Actual Full year ended 30 September 2017 ^(restated)	Actual Financial period 15 June - 30 September 2017 ^(restated)
Number of Passengers	Number	749,917	818,335	***276,200
Revenue	£m	1,063.2	1,120.7	409.5
Gross margin percentage	%	23.6	24.5	25.7
Adjusted EBITDA	£m	45.9	48.2	46.2
(Loss)/profit before tax	£m	(3.7)	**(19.7)	9.0
Cash	£m	295.8	288.1	288.1
Client deposits	£m	275.6	251.9	251.9
Net assets	£m	234.5	245.6	245.6
Average number of employees	Number	3,463	3,643	3,710

\*Actual results for the full year to 30 September 2017 are unaudited except those related to actual balances for cash, client deposits and net assets at 30 September 2017

\*\* The actual result for the full year includes the effect of the acquisition, including acquisition costs, the amortisation of business combination intangibles, the write back of negative goodwill on acquisition and pre-acquisition costs relating to the set up of the Travelopia Group.

\*\*\* Estimated due to the part month period in June 2017.

^ Details of the restatements are provided in Notes 3 and 30 of the financial statements

## STRATEGIC REPORT (continued)

A review of the business by division for the full year and comparative periods ended 30 September 2017 is as follows:

Division	Revenue Full year 2018 £m	Adjusted EBITDA Full year 2018 £m	*Revenue Full year 2017 £m	*Adjusted EBITDA Full year 2017 £m	Revenue Financial period 2017 £m	Adjusted EBITDA Financial period 2017 £m
Expeditions	316.2	19.5	298.0	17.8	99.1	9.2
US Tour Operators	104.0	7.4	96.2	3.2	45.6	5.6
Education	155.4	7.9	161.1	6.7	34.0	(0.7)
Events	69.8	2.0	63.3	1.8	28.0	1.4
Tailormade	222.1	2.4	273.4	7.5	106.3	10.0
Le Boat	42.0	12.4	38.5	11.5	26.8	15.7
Yachts	153.7	10.5	190.2	9.3	69.7	5.9
Group, divisional & consolidation	-	(16.2)	-	(9.6)	-	(0.9)
	1,063.2	45.9	1,120.7	48.2	409.5	46.2

\*Actual results for the full year ended 30 September 2017 are unaudited

### Divisional results

The Group achieved a full year Adjusted EBITDA of £45.9m on revenues of £1,063.2m. Revenues and Adjusted EBITDA for the financial period ended 30 September 2017 were £409.5m and £46.2m respectively.

Expeditions generally performed well overall with increased revenues and margins from improved occupancy levels, especially in Quark Expeditions and TCS World Travel, the results for which both of which came in ahead of expectations. Our Exodus brand performed well in the year compared to the prior year despite being impacted by U.S. sanctions compared to the prior year.

The US Tour Operators also performed well with improved volume and margins across the division, helped by the strength of the US economy, a strengthening of the US dollar relative to the Euro, strong trading on the Rose Parade and some cost savings compared with the prior financial year.

The Education division performed well over the full year with improved margins in World Challenge and World Class Vacations, the latter from its Dance the World programmes.

The Events division performed in line with the prior financial period with trading upsides from events such as the Ashes, 6 Nations, Football World Cup, Wimbledon and the Hong Kong 7s offsetting some of the shortfalls in trading incurred from the non-reoccurrence of 2016 events, such as the Summer Olympics and British Lions tour.

The Tailormade division declined against the prior financial period, mostly driven by the ongoing decline of volume sold through TUI's retail stores following their introduction of selling scheduled flights and thus not requiring to sell through our Tailormade brands. This division has seen the most significant change of strategic direction in the year, as it further moves from selling lower margin single centre holidays to more complex tailor-made multi-centre holidays.

Le Boat performed ahead of the prior financial year, resulting from greater demand for the new Horizon boats, increased boat sales and the opening of the new Canadian base.

The Adjusted EBITDA of the Yachts division includes the business interruption insurance received in the year in respect of Hurricane Irma in September 2017. These proceeds largely replace the lost margin from the closure of our bases in the BVI and St Martin and present a more comparable measure of maintainable performance. Our insurers have reimbursed a total of \$30m (£22.9m) in the financial year to cover both the business interruption costs and the costs arising (in the financial years ending 30 September 2018 and 2019) from repairing the damage incurred to our yacht bases, further details of which are provided in Notes 8 and 12 of the accompanying consolidated financial statements.

## STRATEGIC REPORT (continued)

Of the insurance proceeds received, £10.2m has been apportioned as compensation for the lost business during the financial year with the remainder being apportioned to repairing the damaged property. Both revenues and Adjusted EBITDA were lower than in the previous financial year, as expected following a hurricane the strength of Irma.

Both yacht bases suffered considerable damage. The damage to the yacht fleet ranged from damaged but repairable to total write off. The majority of the BVI's fleet of yachts are leased from third parties such that neither the loss, nor the related insurance receivable is recognised in the consolidated income statements, other than the insurance deductible costs for leased yachts.

### Items excluded from Adjusted EBITDA

The table below sets out the reconciliation of the Group's Adjusted EBITDA to the Group's (loss)/profit before tax:

	Year ended 30 September 2018	Period ended 30 September 2017 (restated)
	£m	£m
<b>Adjusted EBITDA</b>	<b>45.9</b>	<b>46.2</b>
Depreciation and amortisation on non-acquisition related assets	(22.8)	(6.2)
Acquisition and disposal related items	(15.2)	(8.9)
Separately disclosed items	(11.1)	(17.5)
<b>Operating (loss)/profit</b>	<b>(3.2)</b>	<b>13.6</b>
Net financial expenses	(0.5)	(4.6)
<b>(Loss)/profit before tax</b>	<b>(3.7)</b>	<b>9.0</b>

Depreciation and amortisation charges on non-acquisition related assets amounts to £22.8m (2017: £6.2m), of which £15.4m is depreciation of property, plant and equipment and £7.4m is amortisation and impairment of non-acquisition related intangible assets. Of the depreciation charges, £10.2m relates to our Group's yachts and boats, which forms the majority of our Group's tangible assets. Amortisation charges arise on intangible assets comprising acquisition-related intangibles (namely brands, customer relationships, order book and favourable contracts) and non acquisition-related intangibles (namely computer software).

Amortisation charges on acquisition related items are presented within the category of acquisition and disposal related items since they derive from valuations following the acquisition of businesses, as opposed to the normal course of business. The total charge for the year was £12.1m (2017: £8.1m), including £6.2m (2017: £6.4m) for the businesses' order book that was valued on the acquisition of the Travelopia Group in June 2017. The useful economic life of these assets was two years, such that the assets have been fully amortised by the year end. Further information on the Group's intangible assets is provided in Note 17. Also included within acquisition and disposal related items are impairment charges on acquisition related intangible assets. In light of the performance of the Sovereign brand during the financial year, impairment charges to the Sovereign brand and customer relationship assets have been recognised totalling £6.7m, so as to write these assets off in full. Further information is provided in Notes 8 and 17.

The Group disposed of one small Yachts brokering business in the financial year, Master Yachting GmbH, realising a profit of £5.7m, this being included within acquisition and disposal related items.

The Group incurred separately disclosed items of £11.1m, including £13.2m (2017: £5.5m) relating to restructuring and £9.9m (2017 restated: £15.6m) relating to the costs incurred due to Hurricane Irma. Further information on these costs are included in Note 12.

The tax charge for the financial year totalled £10.9m (2017 restated: £2.0m), principally reflecting the change in US tax rates during the year discussed above.

**STRATEGIC REPORT (continued)**

**Financial position**

The Group ended the financial year with £295.8m (2017: £288.1m) of cash in the balance sheet, £64.6m (2017: £53.3m) of which is restricted, much of which reflects the £275.6m (2017: £251.9m) of client deposits held at the financial year end. The Group continues to have a £100m (2017: £100m) bank loan with a remaining term of six (2017: seven) years, which was obtained in 2017 for the purpose of acquiring the Travelopia Group. As part of these banking facilities, the Group also has an £80.0m (2017: £75m) revolving credit facility that it is able to draw down for the purposes of investing into the Group's future growth plan. With the exception of £0.8m drawn as letters of credit, this facility has been undrawn throughout the year and at the financial year end. With no changes to the bank loan in the year, cash flows from liabilities within financing activities remained relatively static during the financial year.

The Group uses available cash to fund its expeditions and holidays, with prepayments for such services amounting to £80.4m (2017: £75.5m) at the year end. Trade and other receivables amounted to £32.4m (2017: £30.8m) as at 30 September 2018 for which the risk of irrecoverability is considered low as almost all balances are from individual customers which are required to be fully paid ahead of departure date.

The Group's intangible assets (largely comprising brands, customer relationships, beneficial contracts and computer software) totalled £94.9m (2017: £114.0m), the majority of which related to the brands and customer relationships that were valued and recognised on the acquisition of the Travelopia Group in June 2017. These intangibles amounted to £88.3m at 30 September 2017. The performance of the Tailormade division has led to an impairment at the year end to the Sovereign brand and customer relationship totalling £6.7m, thereby writing these assets off in full.

Property, plant and equipment of £197.6m (2017: £190.3m) primarily consists of the Group's marine vessels and owned hotels and bases. Assets under construction include up front payments for luxury furniture and equipment (e.g. first class seating arrangements) for use in our two new leased aircraft, which are due for delivery in 2020.

At the year end, the Yachts division had a fleet of 825 yachts, down from over 900 in 2017 as a result of Hurricane Irma, 345 of which are owned and within property, plant and equipment, 49 are included in inventory and 431 are held as operating leases. Le Boat had a fleet of 926 boats, split between 842 owned and within property, plant and equipment, 6 are held for sale and 78 are held as operating leases.

At the year end, the Group had over 700 operating leases, the majority of which sit in the Yachts and the Le Boat divisions, where we sell new yachts and boats to our customers and then lease them back to make available for other customers to charter for some of the year. We are extremely excited to have signed three major new leases in the year, two Airbus 321-200 NEO Long Range aircraft from Titan Airways and one new build luxury polar expedition ship with capacity for up to 200 people, all of which have delivery in 2020. The polar expedition ship is in addition to a previously committed lease of another polar expedition ship, the *World Explorer*, for which delivery to the Group for chartering is expected in late 2019. The two A321's will replace the one leased and two chartered aircraft that are presently in the fleet. At the year end, we had also committed to further payments of £17.1m for purchasing luxury furniture and equipment that will be fitted into the planes on delivery.

Including the two new aircraft and two new ships, the minimum lease payments at the financial year end totalled £304.5m (2017: £131.1m), demonstrating our commitment to significantly enhancing our Group's asset base, customer experience and profitability growth in the foreseeable future.

In addition to the above, committed capital expenditure at 30 September 2018 includes £54.6m (2017: 44.6m) for the purchase of new yachts.

**STRATEGIC REPORT (continued)**

Total trade and other trade payables amounted to £380.1m (2017: £358.9m), of which £270.6m (2017: £251.9m) relate to customer deposits, which are not expected to be repaid to customers unless the bookings are cancelled. As such, total financial liabilities due for payment within one year amount to £106.5m (2017: £105.9m) at the financial year end. With six years of our bank loan remaining, financial liabilities falling due after more than five years totals £105.1m (2017: £110.2m), including interest accruing over the term. This, together with our *unused revolving credit facility*, provides us with a sound capital base for the budgeted cycle ahead.

No dividends were paid both during the financial year or the previous financial period and the Directors do not recommend the payment of a final dividend.

**Post balance sheet events and future developments**

The Directors continue to anticipate significant growth over the forthcoming four year budgeting cycle. With a growing market trend towards more experiential holidays, the Travelopia Group is well placed to take advantage of this and will do so through increased IT investment, global product expansion and distribution enhancements as well as improving internal operational efficiency.

While the whole portfolio is expected to grow, it is the Expeditions, Tailormade, Yachts and Le Boat divisions that are expected to deliver the material growth: Expeditions through product and global expansion; Tailormade through brand and product repositioning and IT investment; Yachts through recovery from Hurricane Irma and continued fleet investment; and Le Boat through continued international expansion. With this context, the Directors look forward to this forthcoming period of growth with optimism.

**Going concern**

At 30 September 2018, the Group had net assets of £234.5m (2017 restated: £245.6m). The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above.

The Group's forecast and projections, taking into account changes in trading performance that are considered reasonably possible, show that the Group is expected to operate within the level of its current bank facilities. The Group forecasts to meet all banking and regulatory covenants for the foreseeable future. Other than interest, no element of the bank loan is due for repayment in this period and the £80.0m (2017: £75.0m) committed revolving credit facility remains undrawn at the financial year end with the exception of £0.8m for letters of credit.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

**Principal risks and uncertainties**

The principal risks and uncertainties that are common to the Group and the Company are:

**Operational risks**

- **Health and Safety.** Ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or employees whilst on one of our holidays, which the Group strives to mitigate. Incidents could potentially result in reputational damage to either the Group and / or one of the Brands, and also have financial consequences. Insurance policies are in place in the event that incidents occur. The Group is committed to ensuring the health and safety of all of its customers and anyone engaged with its business activities and to providing a safe and suitable environment for all customers. The Group's central Health and Safety team report directly to the Group's Chief Executive Officer, ensuring that health and safety is given adequate profile throughout the organisation and instilled within the Group's culture.



**STRATEGIC REPORT (continued)**

- **Market risk.** The Group relies heavily on the desire of its UK and US customer base to take experiential and tailor-made holidays. Spending on travel and tourism is discretionary and, more often than not, price sensitive, with the economic outlook in the UK remaining uncertain as a result of the Brexit negotiations. Changes in macroeconomic conditions can affect spending power of consumers leading to margin erosion as well as leading to exchange rate fluctuations. Terrorism can also affect demand on source markets. The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. More consumers are booking their holidays online via mobiles and tablets and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption or if our products and services fail to meet changing customer demands and preferences, that our revenues and profitability will suffer as a result. We continue to develop unique and exclusive holidays to match the needs of our customers. The Directors continue to monitor these performance indicators to ensure an acceptable return is achieved and that the future performance of the business continues to show growth.
- **Brexit.** The UK's EU Membership referendum decision to leave the EU continues to create uncertainty, particularly to foreign exchange rates and the short to medium term outlook for the UK economy. This uncertainty is impacting demand for overseas holidays in the Group's UK source market and could create some risk to the financial performance of the Group. Some mitigation of this risk is created by our overseas source markets, especially in the United States, where a strong US dollar relative to Sterling would improve reported results.
- **Destination disruption.** Providers of holiday and experiential trips are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes natural catastrophes such as Hurricane Irma in September 2017, which impacted the Group significantly in the current and prior financial periods and flooding in the Midi region of France, after the financial year end. Destination disruption can also include outbreaks of disease, war, political instability and terrorism. These events can cause significant operational disruption and costs to our business. No catastrophe like this can be actively prevented, but the financial risk on the Group is mitigated via insurance of both assets and some operational losses, together with having many geographically diverse destinations so as to limit the exposure to any single destination. We follow the UK Government's Foreign Office advice in our source markets to minimise the exposure of our customers.
- **Legal and regulatory compliance.** The Company operates across a range of economies and jurisdictions, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply may result in fines or sanctions from regulatory bodies. For example, the Group sells holidays under licences granted by regulatory bodies in the relevant source markets, such as the Civil Aviation Authority in the UK, which require us to comply with legal travel regulations. Failure to do so could result in the removal of the licence. We have a Group Legal Compliance team who monitor compliance with laws and regulations and provide advice to businesses on specific areas.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our IT systems become exposed and susceptible to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, we could see a significant level of damage to our IT systems, including the ability to sell or provide holidays and maintain customer's data protection, causing significant reputational damage and adverse financial implications. We continuously review, test and monitor to identify and address potential threats as and when they arise.
- **Fleet delivery risk.** During the financial year, the Group has signed contracts for significant levels of capital and lease commitments for yachts, aircraft and expedition ships, which are due for delivery in the next two financial years. Whilst we expect these assets to drive future growth in our Group, it also gives to financial risk in the event that delays occur to the scheduled deliveries of these assets, should yacht sales, trips and/or expeditions have to be cancelled as a result. Financial risks includes lost margin, compensation payable and adverse publicity which could lead to a loss in future or repeat bookings. The Group is monitoring and overseeing the construction of these against their planned timetable and is actively engaged with the assets' suppliers to mitigate the risk of delays to delivery dates.

**STRATEGIC REPORT (continued)**

- **Technology risk.** Online reservation systems, websites and platforms form a significant part of the Group's ability to build, develop and sell its products. Many of our businesses continue to upgrade and/or overhaul existing technologies and invest in new technologies to enhance the Group's products and services. Failure to successfully implement new IT systems may impact our competitiveness, quality of customer experience and operational efficiency. This could be detrimental to the Group's profitability, in terms of lost bookings, cash outflows and asset impairments.

**Financial instrument risks**

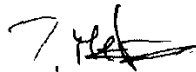
- **Foreign currency exchange risk.** The Group operates internationally and is exposed to foreign currency exchange risk on transactions denominated in a currency other than UK Sterling as well as the translation of the Group's consolidated balance sheet and income statement of foreign operations into UK Sterling. The two main currencies that the Group is exposed to are the Euro and US Dollars. A fall in Sterling compared to these two currencies would cause our UK companies selling to those destinations to see an increase in their underlying cost base, if not already hedged against. The Group's businesses enter into derivative financial instruments to forward purchase their foreign currency requirements to mitigate the risk of foreign currency losses. Conversely, the Group's exposure to the US market would see the results of those US-based businesses translating to higher revenues and profitability in the Group's consolidated income statement in the event of a fall in sterling against the US dollar.
- **Liquidity and cashflow risk.** To maintain funding for operations, in addition to the capital provided from the immediate parent company, the Group is dependent upon access to funding in the form of a seven year term interest-bearing bank loan with a principal amount of £100.0m, a revolving credit facility of £80.0m and cash reserves.
- **Credit risk.** The Group has significant cash and cash equivalent balances throughout the year and the majority of this is held with three global banking groups. Credit risk in this respect refers to the risk that one of these banking groups were to default on its contractual obligations resulting in financial loss to the Group. The Group therefore uses highly reputable and financially strong banking groups with which to deposit its material cash balances. The Group also sells its holidays both directly to the end customers and indirectly via agents. Credit risk is considered to be limited as many of our branded holidays are tailor-made or differentiated, there is no concentration of business on key individual agents across the Group and our end customers are required to pay in full ahead of departure.
- **Interest rate risk.** The Group is exposed to interest rate risk on the interest bearing bank loan and on cash and cash equivalents. The interest rate for the bank loan is periodically re-set to ensure it remains at market levels. An increase in market rates would therefore reduce the Group's profitability. The Group has partially mitigated this interest rate risk by taking out an interest rate swap for a part of the Group's external bank loan.

Further information on foreign currency risk, credit risk, interest rate, liquidity and cash flow risks are provided in Note 27 of the financial statements.

**Approval**

This report was approved and signed on behalf of the Board on 14 February 2019.

J Metzner  
Director



Company Number: 10604770

## **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 were:

E Pillot  
J Metzner

### **Independent auditors**

Pursuant to Section 487 of the Companies Act 2006, BDO LLP have been deemed to be re-appointed and therefore continue in office.

### **Directors' insurance**

Throughout the financial period until the date of approval of these financial statements the ultimate parent company, KKR & Co. Inc, 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.

### **Statement as to disclosure of information to auditors**

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Business review**

A fair review of the business, including an analysis of the performance and financial position of the Group, together with a description of the principal risks and uncertainties, details of key performance indicators, funding and liquidity, the going concern basis, future developments and post balance sheet events are included within the Strategic Report.

### **Dividends**

No dividends were declared or paid during the financial year.

### **Political donations**

During the financial year, the Group and Company made no political donations.

### **Employees**

The Group aims to keep employees aware of all material factors affecting them as employees and the performance of the Group and their respective business. It encourages good communication through regular meetings between management and staff enabling senior managers to consult and ascertain views on all appropriate matters. This is supplemented by regular briefing meetings, email bulletins and divisional internal websites. A free confidential whistle-blowing hotline is also provided for employees. Employees are encouraged to participate in the performance of the Group by way of bonus schemes.

The Group employs approximately 3,500 (2017: 3,700) employees. Training and career development programmes are provided. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex and including disabled people where reasonable and practicable is treated in the same way with regards to employment, training, career development and promotion. Applications for the employment of disabled people are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Every effort is made with the rehabilitation of anyone who becomes disabled during their employment. The Group publishes a gender pay gap report in the UK

The Group is committed to ensuring that there is no modern slavery or human trafficking in any part of its businesses. This commitment is an integral part of our policies and the way we do business. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking and undertake due diligence when engaging with new suppliers before proceeding.

**DIRECTORS' REPORT (continued)**

**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 period. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) for qualifying entities that otherwise apply IFRS.

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 Group and Company and of the profit or loss of the Group and Company for that financial period. In preparing these financial statements, the Directors are required to:

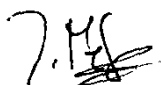
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed for the consolidated financial statements and IFRSs including FRS 101, have been followed for the Company financial statements, 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Approval**

This report was approved and signed on behalf of the Board on 14 February 2019.



**J Metzner**  
Director

Company Number 10604770

### **Opinion**

We have audited the financial statements of TIM Intermediateco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2018 which comprise the consolidated income statement, consolidated statement of total comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of Directors**

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

John Everingham (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
Date: February 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**TIM Intermediateco Limited**  
**Consolidated income statement for the financial year ended 30 September 2018**

	Note	Year ended 30 September 2018 £m	Period ended 30 September 2017 (restated) £m
<b>Revenue</b>	9	<b>1,063.2</b>	<b>409.5</b>
<b>Cost of sales</b>		<b>(812.6)</b>	<b>(304.1)</b>
<b>Gross profit</b>		<b>250.6</b>	<b>105.4</b>
Distribution costs		(115.3)	(34.6)
Administrative expenses		(167.1)	(77.2)
Other income:			
– negative goodwill on acquisition of the Travelopia Group	11	-	20.0
– receipt of insurance proceeds for Hurricane Irma	8,15	22.9	-
– profit on disposal of Group subsidiary	11	5.7	-
<b>Operating (loss)/profit</b>		<b>(3.2)</b>	<b>13.6</b>
<i>Analysed as:</i>			
<b>Adjusted EBITDA</b>		<b>45.9</b>	<b>46.2</b>
Depreciation and amortisation on non-acquisition related assets		(22.8)	(6.2)
Acquisition and disposal related items	11	(15.2)	(8.9)
Separately disclosed items	12	(11.1)	(17.5)
<b>Operating (loss)/profit</b>		<b>(3.2)</b>	<b>13.6</b>
Financial income	13	6.8	-
Financial expenses	14	(7.3)	(4.6)
<b>Net financial expenses</b>		<b>(0.5)</b>	<b>(4.6)</b>
<b>(Loss)/profit before tax</b>	15	<b>(3.7)</b>	<b>9.0</b>
Taxation charge	16	(10.9)	(2.0)
<b>(Loss)/profit for the financial year attributable to equity holders of the parent</b>		<b>(14.6)</b>	<b>7.0</b>

Details of the restatements are included in Note 3 of these financial statements.

**TIM Intermediateco Limited**

**Consolidated statement of total comprehensive income for the financial year ended 30 September 2018**

	Year ended 30 September 2018 £m	Period ended 30 September 2017 (restated) £m
<b>(Loss)/profit for the financial year</b>	<b>(14.6)</b>	<b>7.0</b>
<b>Other comprehensive income</b>		
<b>Items that will not be subsequently reclassified to profit and loss:</b>		
Remeasurement of defined benefit obligation	0.1	-
	0.1	-
<b>Items that may be subsequently reclassified to profit and loss:</b>		
Foreign exchange translation	1.4	(1.4)
	1.4	(1.4)
<b>Other comprehensive income/(loss) for the financial year, net of tax</b>	<b>1.5</b>	<b>(1.4)</b>
<b>Total comprehensive (loss)/profit for the financial year attributable to equity holders of the parent</b>	<b>(13.1)</b>	<b>5.6</b>


Details of the restatements are included in Notes 3 and 30 of these financial statements



**TIM Intermediateco Limited**  
**Consolidated balance sheet at 30 September 2018**

		30 September 2018	30 September 2017 (restated)
	Note	£m	£m
<b>Non-current assets</b>			
Intangible assets	17	94.9	114.0
Property, plant and equipment	18	197.6	190.3
Trade and other receivables	19	4.6	0.6
Derivative financial instruments	27	0.2	0.1
Retirement benefit assets	20	0.1	-
Deferred tax assets	21	18.5	21.6
		<b>315.9</b>	<b>326.6</b>
<b>Current assets</b>			
Inventories	22	21.8	19.4
Trade and other receivables	19	108.2	105.7
Income tax recoverable		1.6	9.8
Derivative financial instruments	27	3.0	2.4
Cash and cash equivalents	24	295.8	288.1
		<b>430.4</b>	<b>425.4</b>
Assets classified as held for sale	23	0.9	0.2
<b>Total current assets</b>		<b>431.3</b>	<b>425.6</b>
<b>Total assets</b>		<b>747.2</b>	<b>752.2</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	25	(1.3)	(2.7)
Trade and other payables	26	(376.5)	(356.4)
Derivative financial instruments	27	(0.6)	(3.5)
Provisions for liabilities	28	(3.3)	(1.7)
Income tax payable		(4.4)	(19.5)
<b>Total current liabilities</b>		<b>(386.1)</b>	<b>(383.8)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	25	(103.2)	(102.2)
Trade and other payables	26	(3.6)	(2.5)
Derivative financial instruments	27	(0.1)	-
Provisions for liabilities	28	(1.1)	(1.7)
Deferred tax liabilities	21	(18.6)	(16.4)
		<b>(126.6)</b>	<b>(122.8)</b>
<b>Total liabilities</b>		<b>(512.7)</b>	<b>(503.2)</b>
<b>Net assets</b>		<b>234.5</b>	<b>245.6</b>
<b>Equity</b>			
Called up share capital	29	26.0	24.0
Share premium account		216.0	216.0
Retained earnings		(7.5)	5.6
<b>Total equity attributable to equity holders of the parent</b>		<b>234.5</b>	<b>245.6</b>

Details of the restatements are included in Notes 3 and 30 of these financial statements. The notes on pages 16 to 68 form part of the consolidated financial statements. The consolidated financial statements on pages 16 to 68 were approved and authorised for issue by the Board of Directors on 14 February 2019 and signed on its behalf by:

  
**J Metzner**  
 Director  
 Company Number: 10604770

**TIM Intermediateco Limited**

**Consolidated statement of changes in equity for the financial year ended 30 September 2018**

	Called up share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
<b>At incorporation on 7 February 2017</b>	-	-	-	-
Profit for the financial period (restated)	-	-	7.0	7.0
Other comprehensive loss for the financial period	-	-	(1.4)	(1.4)
<b>Total comprehensive income for the financial period (restated)</b>	-	-	5.6	5.6
<b>Transactions with owners</b>				
Share capital issued (restated)	24.0	216.0	-	240.0
<b>At 30 September 2017 (restated)</b>	<b>24.0</b>	<b>216.0</b>	<b>5.6</b>	<b>245.6</b>
Loss for the financial year	-	-	(14.6)	(14.6)
Other comprehensive income for the financial year	-	-	1.5	1.5
<b>Total comprehensive loss for the financial year</b>	-	-	(13.1)	(13.1)
<b>Transactions with owners</b>				
Share capital issued	2.0	-	-	2.0
<b>At 30 September 2018</b>	<b>26.0</b>	<b>216.0</b>	<b>(7.5)</b>	<b>234.5</b>

Details of the restatements are included in Note 3 of these financial statements

**TIM Intermediateco Limited**  
**Consolidated statement of cash flows for the financial year ended 30 September 2018**

		<b>Year ended 30 September 2018</b>	<b>Period ended 30 September 2017 (restated)</b>
	<b>Note</b>	<b>£m</b>	<b>£m</b>
<b>(Loss)/profit for the financial year</b>		<b>(14.6)</b>	<b>7.0</b>
<b>Adjusted for:</b>			
Depreciation and amortisation	17,18	34.2	14.3
Impairment of property, plant and equipment (restated)	18	-	9.1
Impairment of intangible assets	17	7.4	0.2
Negative goodwill on acquisition of the Travelopia Group (restated)	30	-	(20.0)
Changes in fair value of contingent consideration payable	30	2.0	-
Gain on disposal of subsidiary		(5.7)	-
(Gain)/loss on disposal of property, plant and equipment and intangible assets		(1.0)	0.9
Gain on foreign exchange translation		(1.7)	(0.4)
Net financial expenses	13,14	0.5	4.6
Taxation	16	10.9	2.0
<b>Operating cash flow before changes in working capital and provisions</b>		<b>32.0</b>	<b>17.7</b>
(Increase)/decrease in inventories		(2.4)	19.9
(Increase)/decrease in trade and other receivables		(6.5)	43.0
Increase/(decrease) in trade and other payables		16.7	(84.8)
Increase/(decrease) in provisions		1.0	(12.2)
<b>Cash flows generated from / (used in) operations</b>		<b>40.8</b>	<b>(16.4)</b>
Net interest paid		(6.6)	(1.4)
Income taxes (paid) / received		(11.8)	0.3
<b>Net cash flows generated from / (used in) operating activities</b>		<b>22.4</b>	<b>(17.5)</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		14.7	4.4
Cash outflows used in the acquisition of property, plant and equipment	18	(34.7)	(12.2)
Cash outflows used in the acquisition of intangible assets	17	(5.8)	(2.4)
Cash inflow arising from the acquisition of subsidiaries, net of cash acquired	30	-	191.3
Cash inflow from the disposal of subsidiaries, net of cash disposed	11	5.7	-
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(20.1)</b>	<b>181.1</b>
<b>Financing activities</b>			
Proceeds from new loans	31	1.9	172.4
Loan issue costs		-	(3.4)
Repayment of borrowings	31	(2.4)	(281.4)
Issue of share capital	29	2.0	240.0
<b>Net cash flows generated from financing activities</b>		<b>1.5</b>	<b>127.6</b>
<b>Net increase in cash and cash equivalents</b>		<b>3.8</b>	<b>291.2</b>
Effect of foreign exchange on cash held		3.9	(3.1)
Cash and cash equivalents at beginning of year / incorporation		288.1	-
<b>Cash and cash equivalents at end of the year</b>	<b>24</b>	<b>295.8</b>	<b>288.1</b>

Details of the restatements are included in Note 3 of these financial statements. Details of restrictions on cash and cash equivalents are provided in Note 24. Movements in liabilities arising from financing activities are presented in Note 31.

**1. General information**

TiM Intermediateco Limited (the 'Company') is a private limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is 11th Floor, 200 Aldersgate Street, London, UK, EC1A 4HD. The Company was incorporated as a limited company on 7 February 2017. On 15 June 2017, a wholly owned indirect subsidiary of the Company acquired the entire share capital of the then parent companies of the Travelopia Group, namely Travelopia Holdings Limited and Travelopia USA, Inc.

The consolidated financial statements consolidates those of the Company and its subsidiaries (together referred to as 'the Group') and are for the financial year ended on 30 September 2018.

Certain UK Companies included within these consolidated financial statements have been provided exemption from requiring an audit under Section 479(A) of the Companies Act 2006. Further details of the subsidiaries taking this exemption are provided in Note 36.

The principal activity of the Group during the financial year was that of a tour operator and experiential holiday provider, comprising over fifty specialist travel brands across the world.

**2. Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the IFRS International Financial Reporting Interpretations Committee's ('IFRIC') interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements were authorised for issue on 14 February 2019.

**3. Basis of preparation**

The consolidated financial statements are prepared on the historical cost basis unless otherwise stated. The consolidated financial statements are presented in the Group's presentational currency of Sterling, which is also the Company's presentational currency rounded to the nearest one hundred thousand pounds unless otherwise stated. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates.

**Restatement of share capital and share premium balances at 30 September 2017**

The called up share capital and share premium account balances at 30 September 2017 have been restated to correctly split the previously disclosed value of £240.0m of share capital between the nominal value of the share capital issued (£24.0m) and related share premium (£216.0m). The restatement has no impact on the cash or net assets as at 30 September 2017, nor the result for the financial period then ended.

**Restatement of the fair value of property, plant and equipment on acquisition of the Travelopia Group and subsequent impairment of the restatement as a result of Hurricane Irma**

At the date of signing the consolidated financial statements for the financial period ended 30 September 2017, the accounting for the acquisition of the Travelopia Group as at 15 June 2017 remained provisional. One of the reasons for this was because, following the impact of Hurricane Irma on the BVI in September 2017, the Directors had not yet been able to receive a market valuation report from external advisers to ascertain the fair value of the BVI yacht base at the acquisition date. Instead, the Directors formed their own assessment of the fair value of the BVI yacht base amounting to £24.0m, which was included within property, plant and equipment in the provisional acquisition accounting. During the current financial year, an external market valuation has been received and which valued the BVI yachts base at 15 June 2017 at £33.1m, £9.1m higher than the provisional amount. The impact of this is to increase the negative goodwill that arose on the acquisition of the Travelopia Group by £9.1m.

IAS 36 then required an impairment test to be carried out on assets or CGUs in the event of either a change in the economic environment or a loss in the financial period which indicates a risk of impairment. The Directors therefore undertook an impairment test on the land and buildings (yacht base) in the BVI as a result of Hurricane Irma.

The impairment test was performed on the then carrying value of the yacht base related to the BVI to determine whether any impairment had arisen as a result of Hurricane Irma as at 30 September 2017. Further details on this impairment are provided in Note 18.

No impairment was recognised in the consolidated financial statements for the financial period ended 30 September 2017 since the then carrying value of yacht base broadly equated to its recoverable amount. However, because the external market valuation of £33.1m now exceeded the recoverable value previously determined at 30 September 2017, an impairment charge of £9.1m has also been recognised in these consolidated financial statements but within the results of the financial period ended 30 September 2017. As such, both the fair value uplift and the subsequent impairment charge are restatements in this respect. In total, there is no cash or tax impact, nor any impact on the Group's profit before tax or net assets as at 30 September 2017 as a result of this restatement. Negative goodwill, previously £13.1m, recognised as other income in the consolidated income statement for the period ended 30 September 2017, has been increased by £9.1m in this respect. The impairment charge now recognised of £9.1m has been included within administrative expenses and additionally presented within separately disclosed items in the same financial period.

#### **Restatement of tax balances on acquisition of the Travelopia Group**

The deferred and current tax balances at the acquisition date of 15 June 2017 contained a number of tax balances where the timing of such tax payments (and hence their recognition as either a current or deferred tax) was uncertain as at the date of approving the prior year's consolidated financial statements. These mainly arose as a result of the interaction between the short accounting period from the acquisition date to 30 September 2017 and the application of detailed US tax rules. Certainty of the amounts and timing of the tax payable for the period ended 15 June 2017 (and as a consequence, for the period ended 30 September 2017) only crystallised on completion and filing of the US tax returns for the period then ended, which arose within the post-acquisition measurement period (for the purposes of accounting for the business combination).

Accordingly, the provisional values previously recognised on the acquisition of the Travelopia Group at 15 June 2017 have been updated to reflect these materially different balances at the acquisition date. Provisional net deferred tax assets of £3.3m has been reduced by £8.7m to become a net deferred tax liability of £5.4m. Corporation tax payable of £2.4m has been reduced by £6.5m to reflect payments on account of £4.1m. These two changes increase total tax payable in the period prior to acquisition by £2.2m and hence reduces the total net assets acquired at 15 June 2017 by £2.2m.

The combined impact that these last two items have on the results for the financial period ended 30 September 2017 is to restate the amounts previously disclosed as follows:

- An impairment charge to land and property of £9.1m is recognised in the consolidated income statement.
- Negative goodwill recognised in the consolidated income statement has been reduced by £2.2m. Previously disclosed as £13.1m, including the restatement to the fair value of the BVI as mentioned above, negative goodwill has increased by a total of £6.9m, to £20.0m.
- Total acquisition and disposal related items has increased by £2.2m from £6.7m, to £8.9m.
- Operating profit and profit before tax both reduce by £2.2m, from £15.8m and £11.2m to £13.6m and £9.0m respectively.
- The tax charge reduces by £2.5m, from £4.5m to £2.0m. Within this reduction, the current tax charge increased by £9.9m, from £3.3m to £13.2m and the deferred tax charge reduced by £12.4m, from a charge of £1.2m to a credit of £11.2m.
- The profit for the financial year attributable to equity holders of the parent increases by £0.3m, from £6.7m to £7.0m.
- Total comprehensive profit for the financial period increases by £0.3m, from £5.3m to £5.6m.
- Deferred tax assets have been increased by £3.7m, from £17.9m to £21.6m.
- Income tax payable has been increased by £3.4m, from £16.1m to £19.5m.
- Net assets has increased by £0.3m, from £245.3m to £245.6m.

#### **4. Going concern**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within its current banking facilities. The Group forecasts to meet all banking covenant requirements for at least the next 12 months from the date of signing these financial statements.

## 5. Underlying measures of profits and losses

### Alternative performance measures

These consolidated financial statements contain a financial profit measure that is not defined or recognised under IFRS, namely Adjusted EBITDA, which excludes separately disclosed items and acquisition and disposal related items. This measure is not a measure of financial performance under IFRS and should not be considered as an alternative to indicators, operating performance, income and cost classifications that are derived in accordance with IFRS. Accordingly, this non-IFRS measure should be viewed as supplemental to, but not as a substitute for, measures presented in these consolidated financial statements which are prepared in accordance with IFRS as adopted by the EU.

### Adjusted EBITDA

The Board believes that Adjusted EBITDA provides additional and meaningful guidance in addition to statutory measures to help understand the Group's underlying operating performance during the financial year. It is a measure that is used by management to internally assess the maintainable underlying performance of the Group's business and is not intended to be a substitute measure for adopted IFRS measures. The Directors also consider it appropriate to disclose this additional alternative performance measure since it provides more comparable measurement of performance by excluding the significant financial impact of Hurricane Irma and is also broadly equivalent to the measure used externally in the Group's bank covenant test, further details of which are described in Note 27.

Adjusted EBITDA is defined as profit before tax from continuing operations stated before financial income and expenses, depreciation, amortisation and impairments (including amortisation of and impairments to, business combination intangibles), acquisition and disposal related items, and separately disclosed items. Adjusted EBITDA includes insurance proceeds in respect of business interruption to the extent it represents lost operating margin.

It should be noted that the definition of Adjusted EBITDA used in these consolidated financial statements are those used by the Group and may not be comparable with the term 'underlying' or 'EBITDA' as defined by other companies within both the same sector, or elsewhere, since there are no generally accepted principles governing the calculation of this measure of profit. As such, Adjusted EBITDA could have limitations as an analytical measure, some of which are:

- It does not reflect the Group's past or future cash expenditure for capital expenditure;
- It does not reflect the Group's interest expense, or the cash requirement to service interest and principal payments on the Group's bank loans;
- It does not reflect gains and losses on the acquisition and disposal of subsidiaries; and
- Items that have been excluded from Adjusted EBITDA as Separately Disclosed Items may be judged by some as being appropriate to include and vice versa.

### Separately disclosed items

Separately disclosed items are those significant items which in management's judgement are highlighted by virtue of their size, nature and/or incidence to enable a full understanding of the Group's underlying financial performance. Such items are included within the income statement heading to which they relate. Further information relating to separately disclosed items, including the nature of the items and the reasons for inclusion in this category is included in Note 12.

### Acquisition and disposal related items

Acquisition related items comprises the write off of, or subsequent adjustment to, negative goodwill arising on the acquisition of the Travelopia Group, amortisation of business combination intangibles and acquisition transaction costs. Directly attributable acquisition costs are expensed in the consolidated income statement as incurred. Disposal related items represents the gain or loss on the disposal of a Group subsidiary, net of directly related disposal costs, which did not meet the definition of a discontinued operation.

## 6. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

### New standards, amendments and interpretations

No new standards and amendments, effective for the first time for the financial year commencing on or after 1 October 2017 have had a material impact on the Group.

#### **Basis of consolidation**

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group') and present the results of the Group as if it formed a single entity. Accounting policies of subsidiaries are amended where necessary to be consistent with those adopted by the Group. The parent Company financial statements present information about the Company as a separate entity and not about the Group.

#### **(i) Subsidiaries**

Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including: the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights; substantive potential voting rights held by the company and by other parties; other contractual arrangements; and historic patterns in voting attendance.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Where the Group ceases to have control of any subsidiary, the assets and liabilities of that subsidiary are derecognised at the date that control is lost and any gain or loss on disposal is recognised within other income in the consolidated income statement. The gain or loss is measured at the fair value of the consideration received less the share of the carrying value of the net assets of the subsidiary disposed.

#### **(ii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised gains or income and expenses arising from intra-group transactions are eliminated in preparing the Group's consolidated financial statements

#### **Revenue**

Revenue represents the aggregate amount earned from inclusive holidays, tours, trips, marine charters and expeditions and other services (collectively "holidays") supplied to customers in the ordinary course of business. Revenue excludes intra-group transactions and is stated after the deduction of trade discounts and sales taxes. Revenue is reported gross of fixed charges which are a liability of the tour operator. These include Air Passenger Duty and other per passenger charges and levies, including the ATOL Protection Contribution in the UK.

#### **(i) Revenue recognition**

Revenue is recognised in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue in respect of holidays and related services is recognised on the date of departure. Revenue from the sale of marine boat and yacht sales are recognised when title contractually passes to the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. Revenue is stated at the contractual value of services provided.

#### **(ii) Client monies received in advance**

Client monies received at the balance sheet date relating to holidays departing after the year end are deferred and included within trade and other payables.

#### **Expenses**

#### **(i) Operating lease payments**

Leases where the lessor retains substantially all of the benefits and risks of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense over the term of the lease.

**(ii) Marketing and other direct sales costs**

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed when the benefit of the goods or services is made available to the Group. In particular, merchandise provided free to customers, brochure and advertising costs are expensed to the consolidated income statement when the Group's suppliers have delivered the relevant material.

**iii) Cost of sales**

Costs of sales include costs in relation to the provision of holidays supplied to customers including such items as airfares, accommodation and transfer costs, direct employee costs, repair costs and depreciation charges on property, plant and equipment that is used directly to deliver that sale. These costs are recognised when incurred, other than the cost of airfares, accommodation and transfer costs of a holiday, which are recognised on the holidays' date of departure.

**Insurance proceeds**

Insurance proceeds are recognised as cash if received in the financial period or as a receivable, together with the related income within the consolidated income statement if objective evidence exists to demonstrate that recovery is considered virtually certain by the balance sheet date. All losses for which the insurance proceeds are receivable are accounted for as a separate transaction. Insurance proceeds in respect of damage to property, plant and equipment and business interruption insurance recoveries are recognised within other income.

**Employee benefits**

**(i) Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

**(ii) Defined benefit plans**

The Group's net obligation in respect of a defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior financial periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted in calculating the overall net asset or liability. The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds denominated in the currency of, and having the same maturity dates approximating to, the terms of the plan's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net pension asset or liability, including actuarial gains and losses, are recognised immediately in other comprehensive income. Contributions are made to fund the plan by the sponsoring company. The current service cost is included in the consolidated income statement as a personnel expense. The interest charge on the net pension liability is calculated by applying the applicable discount rate to the net pension liability at the beginning of the financial year, taking account of any changes in the net pension liability during the year as a result of contributions and benefit payments.

**(iii) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**iv) Employment termination benefits**

Employment termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. The costs are recognised within the same category of expenditure as the underlying employment costs. These costs may also be presented as separately disclosed items where appropriate.

**Financial income**

Financial income mainly comprises of the discounting of financial liabilities, foreign exchange gains on financial items and gains on derivative financial instruments.

**Financial expenses**

Financial expenses comprise interest expense on borrowings and any net losses on derivative financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses and unrealised gains and losses on derivative financial instruments are reported separately on a net basis.



**Taxation**

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case the related tax is also recognised in other comprehensive income.

**(i) Current tax**

Current tax is the expected tax payable on the taxable income for the financial period, using average tax rates applicable for the financial period. The Group operates in many tax regimes and is subject to the tax implications of operating in different tax environments. Actual tax assets and liabilities for the current financial period are measured at the expected amounts payable, or in the case of taxable losses, recoverable from tax authorities. Judgement can sometimes be required to determine the current and deferred tax assets and liabilities, such as the recoverability of such assets. Various internal and external factors may have favourable or unfavourable effects on income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation and changes in tax rates. Furthermore, in order to determine whether tax losses may be carried as assets, it is first necessary to assess the probability of future taxable profits against which to offset them. Such profits depend upon a variety of internal and external factors, including expected development and the four year plan for that business.

**(ii) Deferred tax**

Deferred tax is provided or recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill not deductible for tax purposes; differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss in the consolidated income statement. The amount of deferred tax asset recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rate at which the asset or liability is expected to reverse in future periods, based on tax laws enacted or substantively enacted at the balance sheet date.

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 taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. 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 utilised. Deferred tax assets are reduced in the financial period in which it is no longer probable that the related tax benefit will be realised.

**Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are initially recorded at the rate approximating to the foreign exchange rates ruling at the dates of the transaction for each entity. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the functional currency spot rate ruling at the reporting date and recognised in the consolidated income statement. Foreign exchange gains and losses resulting from the settlement of such transactions are also recognised in the consolidated income statement.

**(ii) Foreign operations**

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated from functional currency to Sterling at the foreign exchange rates ruling at the balance sheet date.

The revenues and expenses of overseas operations are translated from functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation of foreign operations are recognised in other comprehensive income.

Foreign exchange gains and losses arising from monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised directly in equity in retained earnings.

#### **Discontinued operations**

To meet the definition of a discontinued operation, the subsidiary or subsidiaries being sold must be both classified as held for sale and are either a separate major line of business or geographical area of operations or part of a single plan to dispose of. In determining whether the businesses to be sold are held for sale, the intended disposal must be highly probable. This requires management to be committed to the disposal plan, a program to locate the buyer has commenced, the business is being marketed at a reasonable price, there are unlikely to be any significant changes to the plan and disposal completion is expected within one year.

#### **Business combinations**

Business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and represents the difference between the fair value of consideration paid and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles, such as brands, customer relationships, beneficial contracts and the order book are those which can be sold separately (or which arise from contractual or legal rights regardless of whether those rights are separable) and the fair value can be reliably measured. The fair value of the consideration paid includes cash and consideration that is contingent upon events occurring after the acquisition date, the latter of which is estimated and adjusted through the consolidated income statement up until the consideration is no longer contingent.

Negative goodwill arises where the fair value of the net assets acquired in a business combination is greater than the purchase consideration payable. When negative goodwill arises, the fair value of assets and liabilities are re-assessed and remaining negative goodwill is recognised immediately in the consolidated income statement and presented as other income.

Fair value adjustments are made in respect of business combinations. If, at the balance sheet date, the amounts of fair values of the acquiree's identifiable assets and liabilities can only be established provisionally, then these values are used. Any adjustments to these values are taken as adjustments to negative goodwill and are recorded within 12 months of the acquisition date. If the acquisition accounting was in the previous accounting period, the comparative information in the consolidated financial statements is restated if the adjustments are material.

#### **(i) Computer software, software in development and other intangible assets**

Computer software consists of all software that is not an integral part of the related computer hardware and is stated at cost less accumulated amortisation and impairment losses other than those acquired in a business combination, which is initially recognised at fair value.

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 products controlled by the Group 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 are available to complete the development and to use or sell the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the business' and the software developer's employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent financial period.

#### **(ii) Brands, customer relationships and order book**

Brands, contractual customer relationships, beneficial contracts and the order book acquired in a business combination are recognised at fair value at the acquisition date. These intangibles have a finite useful life and are subsequently carried at cost less accumulated amortisation.

**(iv) Amortisation**

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful economic life of each type of intangible asset as follows:

Computer software	3 - 10 years
Brands	10 - 25 years
Order book	Over the period when travel occurs, expected to be within 2 years
Customer relationships	Over the period during which value will be obtained by the Group (from 2 to 13 years)
Beneficial contracts	13 – 20 years

Software in development is not amortised. Upon completion of development and bringing the software into use, the costs are re-categorised into computer software and amortisation commences. Licences in respect of bar licences in France (known as "fonds du commerce") are not amortised (on the basis that the licence has an indefinite life) unless there is objective evidence to suggest the market value has fallen below cost.

**Property, plant and equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Fair value adjustments are made in respect of property, plant and equipment acquired as part of a business combination, but are not subsequently remeasured to fair value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**(ii) Depreciation**

Except as noted below, depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful economic lives of each item of property, plant and equipment. The useful economic lives are as follows:

Freehold properties	Up to 50 years
Short leasehold improvements	Lease period or useful economic life if shorter
Yachts	5 - 15 years
Motor boats	15 - 24 years to 50% value
Computer equipment	3 - 10 years
Other assets	Up to 10 years

Freehold land and assets under construction are not depreciated. The depreciation methods, useful economic lives and residual values are reassessed annually. Revisions to useful economic lives and residual values are accounted for prospectively from the date of change.

**(iii) Sale and leaseback transactions**

If the leaseback is classified as an operating lease, any gain is recognised immediately if the sale and leaseback terms are demonstrably at fair value.

**(iv) Disposal**

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the financial period of disposal.

**Impairments**

**(i) Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and its recoverable amount. The recoverable amount of the Group's receivables which are carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

**(ii) Non-financial assets**

The carrying amount of the Group's non-financial assets, other than inventory and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its cash generating unit ('CGU') exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**Inventories**

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price less the estimated costs incurred until the sale and the estimated variable costs required to sell. All inventories are written down individually where the net realisable value of inventories is lower than their carrying amounts. Spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, which includes the expectation that they will be used for more than one financial period.

**Financial instruments**

**(i) Financial assets**

Financial assets are either classified as loans and receivables or financial assets at fair value through profit or loss. Financial assets include cash and cash equivalents, trade receivables and derivative financial instruments but exclude taxes and financial deposits outside the Group's control such as prepayment of services. The Group determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification, as follows:

**Loans and receivables**

This category of financial assets includes trade receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise derivative financial instruments and are measured at fair value on initial recognition and subsequent measurement. The realised and unrealised gain or loss on derivatives is included in the consolidated income statement in the financial period in which the gain or loss arises.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of less than three months. Where cash and cash equivalent balances are not immediately available for use by the Group, for example to meet regulatory requirements, the amount is included in cash and cash equivalents and separately disclosed.

***Derecognition***

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

**(ii) Financial liabilities**

Financial liabilities are either classified as financial liabilities measured at amortised cost or at fair value through profit and loss. Financial liabilities measured at amortised cost include trade and other payables (excluding tax and social security and deferred income), accruals and finance debt (such as external bank and other loans). Financial liabilities at fair value through profit and loss comprise derivative financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, normally being the transaction price plus, in the case of financial liabilities measured at amortised cost, directly attributable transaction costs.

***Financial liabilities measured at amortised cost***

This category of financial liabilities includes trade and other payables and loans and borrowings and are presented within both current and non-current liabilities in the balance sheet, according to the period in which they are expected to be settled. All financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

***Derecognition***

The Group derecognises a financial liability when the contractual obligations to pay the contractual cash flows on the financial liability are discharged, cancelled or expire.

**(iii) Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, fuel price and interest rate risks arising from operational and financing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The fair value of foreign currency, interest rate swap and fuel forward contracts is their forward market price at the balance sheet date, based on external valuations or internal valuations using market data. Derivatives are presented as assets when their fair value is positive and liabilities when the fair value is negative, split between current and non-current depending upon the expiry date of the derivative financial instrument.

**(iv) Share capital and share premium account**

Ordinary shares are classified as equity. Cash received in excess of the nominal value of the shares issued is recognised as share premium.

***Provisions***

A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and the outflow of economic benefits can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Restructuring provision***

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

#### Related parties

For the purpose of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or entities

#### 7. New Standards and interpretations not yet adopted

The following new and amended standards and interpretations that have been endorsed by the EU (unless otherwise stated) but are not yet effective are as follows:

##### **IFRS 9 'Financial Instruments' (including the amendment to IFRS 9)**

The new standard replaces the current IAS 39 guidance on classification and measurement of financial assets and introduces new rules for hedge accounting. The existing impairment rules are being superseded by a new model based on expected credit losses. The introduction of this new IFRS is not expected to have a significant impact on the Group in view of the fact that the Group does not apply hedge accounting through reserves and the relatively low level of credit risk across the businesses.

##### **IFRS 15 'Revenue from contracts with customers'**

IFRS 15 combines and supersedes the guidance on revenue recognition comprised in various standards and interpretations so far. It establishes a single, comprehensive framework for revenue recognition, to be applied across industries and for all categories of revenue transactions specifying which amount of revenue and at which point in time or over which time period revenue is to be recognised. The effective date for this IFRS is for annual periods beginning on or after 1 January 2018, so the first set of consolidated financial statements that will use the new accounting policy is the financial year ending 30 September 2019. Application of this new IFRS can either be by way of full retrospective application, in which each prior reporting period is presented in accordance with IFRS 8 Accounting policies, Change in Accounting Estimates and Errors, or retrospectively with the cumulative effect of initially applying the new Standard at the initial application date, which would be 1 October 2018

Management has substantially completed its assessment of the impact of IFRS 15. The Group will adopt the new IFRS retrospectively with the cumulative effect of initially applying the new Standard at 1 October 2018. The area expected to be affected is the point in time at which revenues are recognised. Currently, revenue and some directly related costs of sales are recognised at the point of departure. It is expected that this will change to be over the period of the holiday. Where the holiday sold falls within a discrete financial year, there should be no difference between the current accounting policy and the IFRS 15 accounting policy. However, where a holiday spans across the Group's financial year end of 30 September, revenues and the directly related costs will be recognised over the period of the holiday and hence, across two financial periods.

As a result of this change in accounting policy, it is expected that £24.4m of revenue and £12.3m of directly related costs will be deferred in equity at 1 October 2018. These amounts will then be recognised under the new accounting policy in the year ending 30 September 2019. Equally, revenue and directly related costs for holidays spanning across the year ending 30 September 2019 will also be deferred into the financial year ending 30 September 2020. As a result, the total financial impact of the change in accounting policy is not determinable at this point in time since it will depend upon the number, price and length of all trips spanning across the year ending 30 September 2019.

**Amendment to IFRS 15 'Revenue from contracts with customers'.** The amendment comprises clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment. Additional practical expedients relating to transition to the new standard have also been included. This amendment has been endorsed by the European Union.

As part of the transition plan, the Group continues to review whether certain revenues which are currently recognised on a gross basis will be presented on a net basis. The potential change results from revised criteria regarding the assessment of whether the Group provides services of its own (gross revenue) or on behalf of a third party (net revenue). It is not yet possible to determine the full impact of any netting to the presentation of revenues and cost of sales, but profit before tax will not be impacted by this.

#### **IFRS 16 'Leases'**

IFRS 16 replaces the current IAS 17 (including IFRS 4 and related IFRICs) on lease accounting. For lessees, there is no longer the requirement to classify leases into operating or finance leases. Instead, all leases are accounted for according to the so-called 'Right of Use' approach. In the consolidated balance sheet, a lessee will recognise an asset for the right to use the leased item and a liability for the future lease payments. There is an optional exemption for short-term leases whose term is less than twelve months and for leases with a value of less than \$5,000.

The effective date for this IFRS is for annual periods beginning on or after 1 January 2019, so the first set of consolidated financial statements that would use the new accounting policy is the financial year ending 30 September 2020. Application of this new IFRS can also be by way of either full retrospective application or with an initial cumulative change in the year of change, similar to IFRS 15. The Directors are currently intending to adopt the latter approach.

Management continues to assess the effects of IFRS 16 but consider that this will have a significant impact on the Group's reported results and consolidated balance sheet once adopted. In view of the existing obligations from leases shown in Note 32 of these financial statements, for which the minimum lease payments totalled £30.5m at 30 September 2018, there will be a material increase in lease liabilities and in items of property, plant and equipment when it adopts the new standard.

On adoption of the new standard, as a lessee, the Group will recognise depreciation and interest expenses instead of lease rental expenses. It is expected that there will be a relatively small adverse impact on profit/loss before tax due to depreciation and interest charges being slightly greater than operating lease charges and profit recognised from sale and leasebacks being lower under IFRS 16. However, the change will result in a significant improvement in the key financial measure of Adjusted EBITDA (as defined in Note 5).

The change in presentation of lease expenses will also result in an improvement of cash flows from operating activities and a decrease of cash flows from financing activities.

**IFRIC 22 'Foreign currency transactions and advance consideration'**. The IFRIC clarifies the date of the transaction for the purpose of determining the exchange rate to use when recognising revenue in the circumstances in which an entity has received advance consideration in a foreign currency. The IFRIC is effective for accounting periods commencing on or after 1 January 2018 and has been endorsed by the European Union. This IFRIC is not expected to have a material impact on the Group as the Group does not receive material amounts of advance consideration in foreign currency.

**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. The IFRIC is effective for accounting periods commencing on or after 1 January 2019 and has been endorsed by the European Union. This IFRIC may have an impact on the accounting for uncertain tax treatments at the date of adoption if such items exist at that point in time.

**Amendments to IAS 19 'Employee benefits' on plan amendment, curtailment or settlement**. The amendment requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the financial period after a plan amendment, curtailment or settlement. The amendment also requires the recognition in profit or loss as part of past service cost or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This amendment is not expected to have a material impact on the Group's results were these events were to occur.

#### **Other new standards**

IFRS 17 'Insurance contracts'; the amendments to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9 'Financial instruments'; the amendments to IFRS 2 'Share based payments'; the amendments to IAS 28 'Investments in associates'; the amendment to IAS 40 'Investment property' relating to transfers of investment property and the Annual improvements (2015-2017) are not considered relevant to the Group.

**8. Critical accounting estimates and judgements**

The preparation of financial statements requires the Directors to make judgements, apart from those involving estimations, that affect the reported results when applying the Group's accounting policies disclosed in Note 6, as well as estimates and assumptions that affects the reported and future amounts of assets, liabilities, income and expenses. Actual results may differ from those reported as a result of applying different judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future periods affected.

The Board has reviewed management's selection, development and disclosure of the Group's critical accounting policies, judgements and estimates and their application, which are set out below:

**Judgements****Disposal of the Education division**

In February 2018, the Group announced its intention to dispose of the Education division, which comprises 10 brands, including UK-based Travelbound, SkiBound, JCA and World Challenge and a further six brands in North America. The disposal process has continued throughout the year and up to the date of signing these financial statements though judgement has been required to determine whether, at or before the year end, the sale met the "highly probable" test of IFRS 5 which would mean that the results of the Education division would be classified as a discontinued operation in the Group's consolidated income statement and its assets and liabilities are recognised within current assets and liabilities as held for sale in the consolidated balance sheet at 30 September 2018.

The Directors judge that, in view of the status of the disposal process at 30 September 2018, the test had not been met and therefore the division continues to be classified within continuing operations. Had the Directors judged the tests to have been met at year end and the Education division classified as a discontinued operation and its assets held for sale:

- Reported revenues and EBITDA for the year ended 30 September 2018 would have been £155.4m and £7.9m lower respectively.
- Reported loss before tax for the same period would have reduced by £7.5m.
- Net non-current assets and liabilities of £35.2m would have been reclassified as assets held for sale within current assets and liabilities.
- Current assets of £57.2m, including £23.8m of cash, would be reclassified within current assets as assets held for sale.
- Current liabilities of £45.1m would be reclassified within current liabilities as liabilities held for sale.

**Separately disclosed items**

Separately disclosed items are those significant items which in management's judgement are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Such items are included within the income statement caption to which they relate. The change in the Executive Leadership Team in the year has led to significant restructuring in the current financial year and this restructuring is expected to continue in the coming year. Judgement is required to determine which costs are of an underlying nature as part of running a tour operator and which are not, with those that are not being presented within this cost category.

The Directors have judged that restructuring costs arising from the change in the Executive Leadership Team and the businesses directly impacted by the change of operational, personnel, and IT strategy are of such significance and magnitude that they do not form part of the underlying costs of running tour operating businesses. Costs arising from actual or potential M&A activity are also not judged to be underlying in their nature. Natural disasters, weather induced events, operational and logistical issues and their subsequent costs are an inherent risk to any tour operating business. Normal levels of business interruption arising, such as the flooding of the upper Thames in the year and technical issues with the TCS jets are excluded from separately disclosed items, but such was the impact and devastation of Hurricane Irma in September 2017, that the total costs of £9.9m have also been included in separately disclosed items. Further details are provided in Note 12. These costs continued to be reported in the consolidated income statement such that the judgements do not impact the Group's reported loss before tax in the year. However, had the Directors judged all separately disclosed items to be part of the normal, maintainable running costs of a tour operator, then the Group's Adjusted EBITDA would have been reduced by up to £11.1m.



#### **Deferred tax assets**

The Group has not recognised £6.7m (2017: £4.5m) of trading losses, as the Directors judge their recovery to be too uncertain at this stage. Whilst the Directors are confident of taxable profits in the future, in view of the quantum of tax losses being carried forward and the expected timescale for using these, the Directors consider there to be insufficient certainty over the timing and recoverability to recognise these amounts at the year end. Had there been more certainty over the timing and recoverability of these assets, then full or partial recognition of these assets would have taken place.

#### **Intangible assets**

The Group has incurred £13.9m in the financial year ended 30 September 2018 directly relating to IT costs, £8.1m of which has been expensed and included within the Group's Adjusted EBITDA and £5.8m of which has been capitalised as part of the creation of new IT assets. Direct costs are only capitalised if they meet certain criteria, otherwise they are expensed. Feasibility studies, development costs, certain licences, hosting, support and maintenance costs are expensed since they did not meet the criteria set out in IAS 38 'Intangible assets'. Judgement is required as to when costs relating to an IT project can be capitalised, which is typically during the build and testing phase and those that cannot be capitalised, typically before an IT project is approved, and subsequent to bringing the IT asset into use in the manner for which it was intended. Judgement is also required in the capitalisation of personnel costs, whether they are employees or contractors and whether their role was that of directly contributing to the building of the asset, or whether they were providing a service or included as overheads, for which these latter two must be expensed. Had the Directors judged some or all of the capitalised costs not to have met the criteria, then the Group's reported loss before tax would have been up to £5.8m higher.

#### **Judgements and estimates**

##### **Business combination – Measurement period adjustments and subsequent accounting for the BVI yacht base impacted by Hurricane Irma**

As part of the acquisition of the Travelopia Group in 2017, property, plant and equipment is recognised at the fair value of assets and liabilities acquired in accordance with IFRS 3. As detailed in Notes 18 and 30, an external market valuation of the BVI yacht base had commenced during that financial period, but had not been completed at the date of signing the consolidated financial statements for the financial period ended 30 September 2017 due to the hurricane. As such, an estimate of £24.0m was made by the Directors for the fair value of the BVI yacht base at the acquisition date and the accounting for the business combination was provisional in this respect. This led to negative goodwill of £13.1m being recognised in the consolidated income statement for the financial period ended 30 September 2017.

The market valuation for the BVI yacht base has since been received within the maximum measurement period of one year period following the acquisition, which was £9.1m higher, at £33.1m. As such the negative goodwill written off in the consolidated income statement for the financial period ended 30 September 2017 has increased by the same amount. Because the market valuation of £33.1m then exceeded the recoverable value previously determined at 30 September 2017, an impairment charge of £9.1m has also been recognised in these consolidated financial statements but within the results for the financial period to 30 September 2017. As such, both the fair value uplift and the subsequent impairment charge are restatements in this respect.

The impairment test was performed on the carrying value of the yacht base related to the BVI to determine whether any impairment had arisen as a result of Hurricane Irma as at 30 September 2017. The impairment test was performed on a 'value in use' basis, which required estimation of future net operating cash flows, the time period over which they will occur and appropriate discount and growth rates. Significant judgement was required to determine the time taken for the base to get back to similar operational status and towards the levels of profitability previously achieved. The impairment test used the Board's then latest expectation of this date for the level of profitability, which is 2020. Details of this test, together with further details of judgements and estimates included in the impairment test is disclosed within Note 18 of these financial statements.

**Business interruption and property related insurance proceeds received in respect of Hurricane Irma**

During the year, the Group successfully agreed a settlement with its insurers to cover the BVI base property losses and its business interruption margin loss following Hurricane Irma. The amount settled was the maximum amount insured of \$30.0m (£23.0m) before the deductible. The total amount received of \$29.7m (£22.9m) covers normal operating margin lost in the current financial year, as well as costs to repair the damaged assets. For the purpose of reporting Adjusted EBITDA, the Directors have had to judge the amount to apportion to both elements, together with the presentation in the consolidated income statement, since the settlement did not distinguish the proceeds for each element. The Directors have estimated that \$16.5m (£12.7m) relates to (both incurred and still to be incurred) costs from the damage to the property (including yachts, base equipment and inventory losses held at the property) and is presented within separately disclosed items, rather than the Adjusted EBITDA, so as to offset the related losses. £4.3m of these costs have been incurred in the current year and the remainder is expected to be incurred in the coming financial year. The Directors have also judged that the remaining \$13.2m (£10.2m) reimburses an element of the normal underlying revenues that the Yachts division would have enjoyed had the bases not been hit by the hurricane. In summary, both amounts have been included within other income in the statutory results whilst the £12.7m has been included within separately disclosed items for additional reporting purposes. Had the Directors made a different judgement and estimates about the split of the insurance proceeds, the Group's reported loss before tax would not have changed, but Adjusted EBITDA would have increased by £12.7m if the element attributed to the repair costs was included in this measure of profit, whilst Adjusted EBITDA would have decreased by £10.2m if the element attributed to the business interruption was excluded.

**Impairment of the Sovereign brand and customer relationship**

As part of accounting for the acquisition of the Travelopia Group, management was required to estimate the fair value of assets and liabilities acquired, including any separately identifiable intangible assets. The values attributed to the Sovereign brand and customer relationship was £4.8m and £2.3m respectively, this being amortised since acquisition to £4.6m and £2.1m respectively by the year end.

The performance of the Tailormade division and the review of our Group's strategy has led the Directors to believe that the return to profitability in Sovereign will now take longer than previously expected. These events are considered to be indicators of an impairment and we have tested the recoverability of the assets attributable to the Sovereign and Hayes & Jarvis businesses, following which the remaining carrying value of the Sovereign intangible assets have been fully impaired. In reaching this conclusion, the impairment test used the latest management-approved budgets, which estimate the future revenues, costs and profitability for the following four years. Whilst the maximum amount that could be impaired is limited to the carrying value of £6.7m, if the cashflows were to improve by £0.5m by the fourth year of the test, which is considered to be a reasonably possible change, then the impairment would have been approximately £2.7m lower.

In undertaking the same impairment test, the carrying value of the Hayes & Jarvis brand of £9.8m was not considered to be impaired. However, were cashflows to fall by £1.0m by the fourth year of the test, an impairment charge of £3.9m would have been recognised.

**Useful economic lives of brands**

Following the Group's acquisition of the Travelopia Group in 2017, the Group has recognised brands with a carrying value of £58.8m (2017: £65.7m), the material ones being listed in Note 17. Judgements and estimates are required to determine the most appropriate useful economic lives of each type of brand. In making these, the Executive Leadership Team continue to review the Group's strategy for growth, which encompasses the future direction of each business and hence the use of each brand. For example, the carrying value of the brands attributable to the Education division totalled £6.9m at 30 September 2018. Whilst there have been no changes to the useful economic lives in the current financial year (nor any impairments of brands with the exception of the Sovereign brand above), future changes to the Group's strategy and hence changes to the useful economic lives of our brands cannot be ruled out, which could either individually or in aggregate, materially impact the carrying value of the brands, together with the annual amortisation and/or impairment charges for that financial year.

**Useful economic lives and residual values of marine vessels**

The annual depreciation charge for property, plant and equipment is driven by, and sensitive to, both changes in the useful economic lives and residual values of marine vessels (i.e. boats and yachts). Judgement and estimates are required to determine the most appropriate useful economic lives of each type of vessel and estimates are required for determining residual values. Both the useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation, physical condition of the assets and profits/losses experienced over time arising on their disposal.

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**Consolidated statement of cash flows for the financial year ended 30 September 2018**

**9. Revenue**

Revenues for the financial year are analysed by source and destination as follows:

	Year ended 30 September 2018		Period ended 30 September 2017	
	Source £m	Destination £m	Source £m	Destination £m
<b>By Geography</b>				
United Kingdom	396.8	55.6	177.5	27.6
Europe (excluding the UK)	143.7	302.3	71.1	149.6
North America (including Canada)	424.1	205.9	113.1	45.8
Central and South America	10.7	61.5	11.4	24.1
Caribbean	14.9	94.9	6.3	34.6
Africa	3.7	64.8	3.7	28.7
Asia	18.3	117.8	7.3	57.3
Middle East	4.4	12.0	3.5	6.2
Australia, New Zealand and Oceania	46.6	67.3	15.6	18.3
Arctic and Antartctica	-	81.1	-	17.3
<b>Total</b>	<b>1,063.2</b>	<b>1,063.2</b>	<b>409.5</b>	<b>409.5</b>

**10. Employees**

**Average number of employees**

The average monthly number of employees in the Group during the financial year by division was as follows:

	Full time Number	Part time Number	Temps & Seasonal Number	Total Number
<b>Year ended 30 September 2018</b>				
<b>By Sector</b>				
Expeditions, Education and Events	1,175	130	275	1,580
Tailormade and Marine	1,458	160	217	1,835
Group	47	1	-	48
<b>Total</b>	<b>2,680</b>	<b>291</b>	<b>492</b>	<b>3,463</b>

	Full time Number	Part time Number	Temps & Seasonal Number	Total Number
<b>Period ended 30 September 2017</b>				
<b>By Sector</b>				
Expeditions, Education and Events	1,125	115	328	1,568
Tailormade and Marine	1,660	143	303	2,106
Group	35	1	-	36
<b>Total</b>	<b>2,820</b>	<b>259</b>	<b>631</b>	<b>3,710</b>

**Employee costs**

	Year ended 30 September 2018 £m	Period ended 30 September 2017 £m
Wages and salaries	140.6	43.8
Social security costs	11.2	3.3
Pension costs: Defined contribution pension scheme cost	2.9	0.8
	<b>154.7</b>	<b>47.9</b>

Wages and salaries include £8.7m (2017: £2.3m) of costs which are also presented within separately disclosed items in Note 12.

**TIM Intermediateco Limited**

**Consolidated statement of cash flows for the financial year ended 30 September 2018**

**Key management compensation**

The Company has no employees or employee related costs and the Directors of the Company received no emoluments from the Group during the financial year. The following key management figures comprise the remuneration of the Travelopia Board members. The Group considers the Travelopia Board members to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group

	Year ended 30 September 2018 £m	Period ended 30 September 2017 £m
Aggregate emoluments	4.9	0.9
Termination benefits	3.7	-
Pensions benefits	0.1	0.1
	<b>8.7</b>	<b>1.0</b>

**11. Acquisition and disposal related items**

Acquisition and disposal related items comprise the following income and expenses. The expenses are included within administrative expenses whilst the negative goodwill and the profit on disposal of a Group subsidiary have been disclosed separately as other income within the consolidated income statement

	Year ended 30 September 2018 £m	Period ended 30 September 2017 (restated) £m
<b>Acquisition related items in operating profit</b>		
Negative goodwill arising on the acquisition of the Travelopia Group (Note 30)	-	20.0
Amortisation of business combination intangibles (Note 17)	(12.1)	(8.1)
Impairment of business combination intangibles (Note 17)	(6.7)	-
Change in the fair value of contingent consideration (Note 30)	(2.0)	-
Acquisition and disposal transaction fees	(0.1)	(20.8)
	<b>(20.9)</b>	<b>(8.9)</b>
<b>Disposal related items</b>		
Profit on disposal of Group subsidiary	5.7	-
	<b>(15.2)</b>	<b>(8.9)</b>

Negative goodwill for the period ended 30 September 2017 has been increased by £6.9m, from £13.1m to £20.0m following the completion of the measurement period adjustments on the acquisition of the Travelopia Group in June 2017, details of which are included in Notes 3 and 30.

The Group disposed of one small Group subsidiary in the year, Master Yachting GmbH for cash proceeds of €7.0m (£6.3m). The results of the company disposed have not been classified as a discontinued operation since it did not form a single cash generating unit or division of the Group. The result from the sale is calculated as follows:

	Year ended 30 September 2018 £m
Intangible assets	0.3
Non-current trade and receivables	0.1
Current trade and other receivables	2.4
Cash and cash equivalents	0.6
Current trade and other payables	(2.8)
<b>Net assets disposed</b>	<b>0.6</b>
Total consideration received in cash	6.3
Less: net assets disposed	(0.6)
<b>Profit on disposal</b>	<b>5.7</b>

## 12. Separately disclosed items

	Year ended 30 September 2018	Period ended 30 September 2017 (restated)
	£m	£m
Restructuring costs	13.2	5.5
Hurricane Irma related costs (restated)	9.9	15.6
Other costs and charges	2.8	0.2
	25.9	21.3
Separately disclosed insurance recoveries	(12.7)	(3.8)
Income from settlement of pre-acquisition legal case	(2.1)	-
<b>Separately disclosed items</b>	<b>11.1</b>	<b>17.5</b>

Hurricane Irma related costs for the period ended 30 September 2017 have been restated to include the impairment charge of £9.1m in respect of the BVI yachts base, details of which are included in Notes 3, 8 and 18.

Costs relating to Hurricane Irma are included within separately disclosed items due to the sheer size and financial impact of the hurricane, being the most powerful Atlantic hurricane in recorded history. A total of £9.9m of costs has been incurred in the year following Hurricane Irma in September 2017. The total cost includes the repairs spent in the financial year on the BVI yacht base of £4.3m together with costs for the subsequent business restructure of the bases impacted, clean up and boat moving costs and inventory and receivable impairment charges. Offsetting some of these costs is an insurance recovery of £12.7m, which has been apportioned to the cost of repairs to the damaged property and included within separately disclosed items as a reduction to the total costs (that have and will be) incurred.

In the financial period ended 30 September 2017, the Group recognised losses on the disposal of owned yachts destroyed by the hurricane of £3.8m together with an insurance recovery of the same amount.

Following the acquisition of the Group by KKR in June 2017, the Group has seen significant changes in its Executive Leadership Team and its operations during the financial year. The Group has embarked upon a new four year strategic plan to turn the Group into the world's leading experiential travel business and has started to lay down the foundations for this change in direction in the current financial year. A further analysis of the restructuring costs incurred in the current financial year is as follows:

	Year ended 30 September 2018 £m
Executive leadership team and personnel restructure and reorganisation costs	7.8
IT Transformation costs	2.2
Other costs for strategic projects	3.2
	13.2

The restructuring costs presented above have been included in Separately disclosed items since the Directors judge these costs to have arisen from the Group's previous internal management and group structure, as opposed to the underlying, maintainable performance of its four operating businesses.

IT Transformation costs of £2.2m arose following a one-off, in-depth Group-wide third party review of all IT platforms and systems, which took place during the financial year. Given the one-off nature of this work, these costs have been judged to be reported within separately disclosed items.

**TIM Intermediateco Limited**

**Consolidated statement of cash flows for the financial year ended 30 September 2018**

Other separately disclosed costs includes £1.2m of fees charged by KKR, other legal costs and costs related to the cancellations of two Quark Expeditions trips, the latter being recognised as a separately disclosed item as the Southern Atlantic weather was so poor that it was the first time that two of Quark's fly-cruise itineraries have had to be cancelled due weather-related events that prevented flying to and from the Antarctic peninsula. Fees charged by KKR have been included as a separately disclosed item since this is considered to be a charge based on our ownership structure and not from tour operations.

Separately disclosed items within operating profit are included within the consolidated income statement as follows:

	<b>Year ended 30 September 2018</b>	<b>Period ended 30 September 2017 (restated)</b>
	<b>£m</b>	<b>£m</b>
Revenues	(2.1)	-
Cost of sales	10.6	12.9
Administrative expenses	15.3	4.6
Other income	(12.7)	-
	<b>11.1</b>	<b>17.5</b>

**13. Financial income**

	<b>Year ended 30 September 2018</b>	<b>Period ended 30 September 2017</b>
	<b>£m</b>	<b>£m</b>
Bank interest income	0.1	-
Discounting of financial liabilities	0.8	-
Foreign exchange gains on financial items	2.2	-
Gains on derivative financial instruments	3.2	-
Other interest income	0.5	-
<b>Financial income</b>	<b>6.8</b>	<b>-</b>

**14. Financial expenses**

	<b>Year ended 30 September 2018</b>	<b>Period ended 30 September 2017</b>
	<b>£m</b>	<b>£m</b>
Bank and other interest payable	5.1	1.4
Facility fees and accretion of loan issue costs	1.5	0.4
Foreign exchange losses on financial items	0.7	2.1
Losses on derivative financial instruments	-	0.7
<b>Financial expenses</b>	<b>7.3</b>	<b>4.6</b>

15. Income, expenses and auditors' remuneration

	Year ended 30 September 2018	Period ended 30 September 2017 (restated)
	£m	£m
Included within (loss)/profit before tax in the consolidated income statement for the financial year are the following charges/(credits):		
Operating lease rentals: aircraft, cruise ships, yachts and boats, land and buildings and other equipment	65.5	20.1
Negative goodwill recognised on the acquisition of the Travelopia Group (Note 30)	-	(20.0)
Depreciation of property, plant and equipment	15.4	4.4
Impairment of property, plant and equipment due to Hurricane Irma (Note 18)	-	9.1
Amortisation of intangible assets: business combination intangibles	12.1	8.1
Amortisation of intangible assets: other intangibles	6.7	1.8
Impairment of acquisition-related intangible assets	6.7	-
Impairment of other intangible assets	0.7	0.2
Insurance proceeds received in respect of Hurricane Irma	(22.9)	(3.8)
Other (gains)/losses on disposal of property, plant and equipment and intangibles	(1.0)	0.9
Gains on foreign currency translation	(1.7)	(0.4)
Impairment of trade receivables	0.3	0.1

Details of the restatement to the negative goodwill recognised on the acquisition of the Travelopia Group and the impairment of property, plant and equipment due to Hurricane Irma for the financial period ended 30 September 2017 are provided in Notes 3, 18 and 30

Services provided by the Company's auditors and its associates

During the financial year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Year ended 30 September 2018	Period ended 30 September 2017
	£m	£m
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	0.1	0.1
Fees payable to the Company's auditors and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	0.6	0.5
Auditors' remuneration for audit services	0.7	0.6
Other services provided to comply with legislation <sup>1</sup>	0.1	0.1
Audit and audit related services	0.8	0.7

<sup>1</sup> Relates principally to regulatory returns

## 16. Taxation

The tax charge can be summarised as follows:

### (i) Analysis of charge in the financial year

	Year ended 30 September 2018	Period ended 30 September 2017 (restated)
	£m	£m
<b>Current tax charge/(credit)</b>		
UK corporation tax on profit for the financial year	-	(0.6)
Non-UK tax on profit for the financial year	3.2	14.7
Adjustment in respect of prior years	2.1	(0.9)
	5.3	13.2
<b>Deferred tax charge/(credit)</b>		
Origination and reversal of temporary differences:		
Current year UK	(3.3)	(1.4)
Current year non-UK	10.6	(9.6)
Adjustment in respect of prior years	(1.7)	(0.2)
	5.6	(11.2)
<b>Total income tax charge in consolidated income statement</b>	<b>10.9</b>	<b>2.0</b>

### (ii) Reconciliation of effective tax rate

The total tax charge for the financial year is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below

	Year ended 30 September 2018	Period ended 30 September 2017 (restated)
	£m	£m
(Loss)/profit before tax	(3.7)	9.0
(Loss)/profit multiplied by the UK standard rate of tax of 19%	(0.7)	1.7
Effects of:		
Expenses not deductible for tax purposes	2.0	6.4
Income not taxable	(4.7)	(5.9)
Tax losses not recognised as deferred tax asset	4.4	0.9
Different tax rates on overseas earnings	2.3	0.1
Effect of changes in tax rates	6.6	(0.6)
Overseas taxes paid	0.6	0.5
Adjustment in respect of prior years	0.4	(1.1)
<b>Total income tax charge in consolidated income statement</b>	<b>10.9</b>	<b>2.0</b>

Details of the restatement are included in Note 3 of the financial statements. The £6.6m effect of the changes in tax rates in the financial year ended 30 September 2018 is primarily a result of US deferred tax assets being revalued from the previous corporation tax rate of 39% to the new rate of 26%, following the US's Tax Cuts and Jobs Act, which became effective in the financial year.

### (iii) Factors affecting the future tax charge

#### UK Corporation tax

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016. This includes a reduction to the main rate of UK Corporation tax to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this rate where the reversal is expected to occur after 1 April 2020. This reduction may also reduce the Company's future current tax charge for its UK companies accordingly.



## 17. Intangible assets

	Brands £m	Customer relationships £m	Order book £m	Contracts £m	Computer software £m	Software in development £m	Licences £m	Total £m
<b>Cost</b>								
At incorporation	-	-	-	-	-	-	-	-
Acquisition	67.3	13.3	12.7	4.3	16.7	7.7	2.0	124.0
Additions	-	-	-	-	1.4	1.9	-	3.3
Transfers	-	-	-	-	1.0	(1.0)	-	-
Asset								
reclassification	-	-	-	-	1.4	(1.9)	-	(0.5)
Disposals	-	-	-	-	(1.2)	-	-	(1.2)
Foreign exchange	(0.8)	(0.1)	(0.2)	(0.1)	(0.4)	(0.1)	-	(1.7)
<b>At 30 September 2017</b>	<b>66.5</b>	<b>13.2</b>	<b>12.5</b>	<b>4.2</b>	<b>18.9</b>	<b>6.6</b>	<b>2.0</b>	<b>123.9</b>
Additions	-	-	-	-	3.7	2.1	-	5.8
Transfers	-	-	-	-	0.9	-	-	0.9
Asset								
reclassifications	-	-	-	-	4.1	(4.1)	-	-
Disposals	-	-	-	-	(1.7)	-	-	(1.7)
Foreign exchange	0.7	0.1	0.2	0.1	0.5	-	-	1.6
<b>At 30 September 2018</b>	<b>67.2</b>	<b>13.3</b>	<b>12.7</b>	<b>4.3</b>	<b>26.4</b>	<b>4.6</b>	<b>2.0</b>	<b>130.5</b>
<b>Accumulated amortisation</b>								
At incorporation	-	-	-	-	-	-	-	-
Provided in the financial period	(0.8)	(0.8)	(6.4)	(0.1)	(1.8)	-	-	(9.9)
Impairment loss	-	-	-	-	(0.2)	-	-	(0.2)
Foreign exchange	-	-	-	-	0.2	-	-	0.2
<b>At 30 September 2017</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(6.4)</b>	<b>(0.1)</b>	<b>(1.8)</b>	<b>-</b>	<b>-</b>	<b>(9.9)</b>
Provided in the financial year	(2.9)	(3.0)	(6.2)	(0.3)	(6.4)	-	-	(18.8)
Impairment loss	(4.6)	(2.1)	-	-	(0.7)	-	-	(7.4)
Transfers	-	-	-	-	(0.4)	-	-	(0.4)
Disposals	-	-	-	-	1.3	-	-	1.3
Foreign exchange	(0.1)	-	(0.1)	-	(0.2)	-	-	(0.4)
<b>At 30 September 2018</b>	<b>(8.4)</b>	<b>(5.9)</b>	<b>(12.7)</b>	<b>(0.4)</b>	<b>(8.2)</b>	<b>-</b>	<b>-</b>	<b>(35.6)</b>
<b>Net book value</b>								
At 30 September 2017	65.7	12.4	6.1	4.1	17.1	6.6	2.0	114.0
<b>At 30 September 2018</b>	<b>58.8</b>	<b>7.4</b>	<b>-</b>	<b>3.9</b>	<b>18.2</b>	<b>4.6</b>	<b>2.0</b>	<b>94.9</b>

Brands, customer relationships, order book and beneficial contracts arose on the acquisition of the Travelopia Group, further details for which are provided in Note 30. Amortisation of intangible assets of £18.8m (2017: £9.9m) is recognised in the consolidated income statement within administrative expenses.

**TIM Intermediateco Limited**

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At 30 September 2017, the carrying value of the brand and customer relationship for Sovereign was £4.8m and £2.2m respectively. During the year, the Sovereign business underperformed against expectations following tougher than expected trading conditions and intense competition in the market in which the brand operates. Furthermore, the Directors of the Company now consider that the return to profitability in this business will take longer than previously expected. As such, the Directors consider these events to be indicators of an impairment and have tested the recoverability of the assets within and attributable to the Sovereign business, which mainly comprise the brand and the customer relationship. The test was based on a value in use calculation, using discounted future cashflow forecasts and the most recently approved budgets for that business and a pre tax discount rate of 13.3%.

Following the test, in addition to the amounts recognised during the financial year as amortisation charges above, an impairment loss of £6.7m has been recognised within administrative expenses during the financial year, of which £4.6m is against the carrying value of the brand at the year end and £2.1m is against the carrying value of the customer relationship, thereby impairing these assets in full. This impairment is also categorised as being within acquisition and disposal related items (Note 11) as these were business combination intangible assets.

Individual intangible assets within the above categories include the following material values of brands:

	Remaining amortisation period Years	30 September 2018 Brands £m	30 September 2017 Brands £m
Quark Expeditions	24	6.9	7.0
TCS World Travel	24	8.0	8.1
Exodus	24	7.5	7.8
Hayes & Jarvis	24	9.8	10.2
Citalia	24	3.0	3.1
The Moorings	19	3.8	4.0
Sunsail	19	2.3	2.5

The Group comprises the world's largest collection of specialist travel companies with a total of 51 brands. The seven divisions contain various entities that employ different brands which are used to go to market. In most cases the brands are the same as, or similar to, the trading names of the entities within the specific division and the entities are reliant on their own brand names for their marketing efforts.

**TIM Intermediateco Limited**  
**Consolidated statement of cash flows for the financial year ended 30 September 2018**

**18. Property, plant and equipment**

	Land and buildings £m	Yachts and motor boats £m	Aircraft equipment £m	Computer equipment £m	Other equipment £m	Total £m
<b>Cost</b>						
At incorporation	-	-	-	-	-	-
Acquisitions (restated)	50.7	130.7	5.0	2.7	7.3	196.4
Additions	0.2	8.3	0.6	0.7	2.4	12.2
Transfers	-	1.4	-	0.1	(1.5)	-
Asset reclassifications	-	0.2	-	(0.1)	0.5	0.6
Disposals	(0.1)	(3.6)	-	-	(0.4)	(4.1)
Foreign exchange	(0.7)	(0.3)	(0.2)	(0.2)	-	(1.4)
At 30 September 2017 (restated)	50.1	136.7	5.4	3.2	8.3	203.7
Additions	0.4	20.9	-	1.0	12.4	34.7
Transfers	0.1	2.0	-	0.1	(2.2)	-
Asset reclassifications	-	(1.2)	-	(0.4)	0.7	(0.9)
Disposals	(0.6)	(18.5)	(0.1)	(0.1)	(1.5)	(20.8)
Foreign exchange	0.7	0.8	0.1	0.1	0.1	1.8
<b>At 30 September 2018</b>	<b>50.7</b>	<b>140.7</b>	<b>5.4</b>	<b>3.9</b>	<b>17.8</b>	<b>218.5</b>
<b>Accumulated depreciation</b>						
At incorporation	-	-	-	-	-	-
Impairment (restated)	(9.1)	-	-	-	-	(9.1)
Provided in the financial period	(0.4)	(3.2)	(0.1)	(0.3)	(0.4)	(4.4)
Foreign exchange	-	0.1	-	-	-	0.1
At 30 September 2017 (restated)	(9.5)	(3.1)	(0.1)	(0.3)	(0.4)	(13.4)
Asset reclassifications	-	0.1	-	0.3	-	0.4
Provided in the financial year	(1.5)	(10.2)	(0.6)	(1.3)	(1.8)	(15.4)
Disposals	0.6	5.9	-	0.2	0.7	7.4
Foreign exchange	-	-	-	-	0.1	0.1
<b>At 30 September 2018</b>	<b>(10.4)</b>	<b>(7.3)</b>	<b>(0.7)</b>	<b>(1.1)</b>	<b>(1.4)</b>	<b>(20.9)</b>
<b>Net book value</b>						
At 30 September 2017	40.6	133.6	5.3	2.9	7.9	190.3
<b>At 30 September 2018</b>	<b>40.3</b>	<b>133.4</b>	<b>4.7</b>	<b>2.8</b>	<b>16.4</b>	<b>197.6</b>

**Other disclosures**

Other equipment includes assets under construction with both a cost and net book value of £14.4m (2017: £3.1m) as at 30 September 2018, which principally comprises of Quark Expedition's new ship and TCS World Travel's owned aircraft equipment (which will be included in its new planes), both of which are scheduled for delivery in 2020. During the financial year, additions to assets under construction totalled £14.6m (2017: £2.2m), whilst £2.2m (2017: £1.5m) was brought into use and transferred largely into yachts and motor boats.

**Restatement**

At the date of signing the consolidated financial statements for the financial period ended 30 September 2017, the accounting for the acquisition of the Travelopia Group as at 15 June 2017 remained provisional. One of the reasons for this was because, following the impact of Hurricane Irma on the BVI in September 2017, the Directors had not yet been able to receive a market valuation report from external advisers to ascertain the fair value of the BVI yacht base at the acquisition date. Instead, the Directors formed their own assessment of the fair value of the land and buildings amounting to £24.0m, which was included within property, plant and equipment in the acquisition accounting. During the current financial year, an external market valuation has been received and which valued the BVI yacht base at 15 June 2017 at £33.1m, £9.1m higher than the provisional amount. The provisional value previously recognised has such been amended and the comparative period's values have been restated in this respect. Further information is provided in Note 30

IAS 36 then required an impairment test to be carried out on assets or CGUs in the event of either a change in the economic environment or a loss in the financial period which indicates a risk of impairment. The Directors therefore undertook an impairment test on the land and buildings (yacht base) in the BVI as a result of Hurricane Irma.

*The yacht base comprises a hotel complex and a home for approximately 350 vessels in Tortola. The recoverable value of the yacht base was tested as a CGU and determined by way of value in use, using past profitability levels of the yacht base and the expected time taken (and extent) to return to previous profitability levels to estimate future cash flows. No positive goodwill arose in the acquisition of the Travelopia Group and therefore no goodwill was included in the impairment test*

The calculation of recoverable value for the yacht base included the following assumptions:

- Cash flow projections based on the Group's latest Board approved three year business plan;
- A return to near previous profitability levels by 2020, which is based on the fact that the base re-opened on 9 December 2017 with limited capacity;
- Expected rebuild costs included in the cash flows;
- Cash flows beyond the plan period being extrapolated using a growth rate of 2.2%;
- Cash flows have been discounted using the CGU's pre-tax WACC of 13.3%, including an appropriate risk premium to reflect the challenges ahead for this yacht base. The WACC is based on a capital asset pricing model calculation using a mixture of in-house data and externally available information, with input from external advisers; and
- Central Group overheads being allocated to the CGU based on the Adjusted EBITDA of the yacht base relative to the Adjusted EBITDA of the entire Yachts division.

No impairment was recognised in the consolidated financial statements for the financial period ended 30 September 2017 since the then carrying value of yacht base broadly equated to its recoverable amount. However, because the external market valuation of £33.1m now exceeded the recoverable value previously determined at 30 September 2017, an impairment charge of £9.1m has also been recognised in these consolidated financial statements but within the results for the financial period to 30 September 2017. As such, both the fair value uplift and the subsequent impairment charge are restatements in this respect.

## 19. Trade and other receivables

	30 September 2018			30 September 2017		
	Current assets £m	Non-current assets £m	Total assets £m	Current assets £m	Non-current assets £m	Total assets £m
Trade receivables, gross	12.3	0.8	13.1	19.4	-	19.4
Less: provision for impairment	(0.9)	-	(0.9)	(0.6)	-	(0.6)
	11.4	0.8	12.2	18.8	-	18.8
Receivables from related parties	1.3	-	1.3	-	-	-
Other receivables	15.1	3.8	18.9	11.4	0.6	12.0
	27.8	4.6	32.4	30.2	0.6	30.8
Prepayments	80.4	-	80.4	75.5	-	75.5
<b>Total</b>	<b>108.2</b>	<b>4.6</b>	<b>112.8</b>	<b>105.7</b>	<b>0.6</b>	<b>106.3</b>

The maximum exposure to credit risk for trade receivables is analysed by geographic region as follows:

	30 September 2018 £m	30 September 2017 £m
United Kingdom	7.0	12.9
United States of America	2.5	2.8
Europe excluding United Kingdom	1.9	2.6
Rest of the World	1.7	1.1
<b>Total</b>	<b>13.1</b>	<b>19.4</b>

Trade receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is shown below:

	30 September 2018 £m	30 September 2017 £m
Balance at 1 October 2017 / incorporation	0.6	-
Arising on acquisition	-	0.4
Charged to the consolidated income statement	0.4	0.2
Released to the consolidated income statement	(0.1)	-
<b>Total</b>	<b>0.9</b>	<b>0.6</b>

The ageing of the financial assets included within trade and other receivables at the balance sheet date was:

	30 September 2018			30 September 2017		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not overdue	18.3	(0.3)	18.0	17.5	(0.6)	16.9
Overdue 1-30 days	1.0	-	1.0	0.8	-	0.8
Overdue 31-90 days	1.1	-	1.1	0.6	-	0.6
Overdue 91-180 days	0.2	-	0.2	0.5	-	0.5
Overdue over 180 days	0.7	(0.6)	0.1	-	-	-
<b>Total</b>	<b>21.3</b>	<b>(0.9)</b>	<b>20.4</b>	<b>19.4</b>	<b>(0.6)</b>	<b>18.8</b>

Credit exposure to individual customers booking expeditions, tours and holidays directly is limited as full payment is required before the issue of tickets and departure. In the case of travel services sold by third party agents, the credit risk depends on the creditworthiness of those third parties, but this risk is also limited because of the relatively short period of credit and the large number of travel agencies used across the Group. The Directors do not consider there to be a significant concentration of credit risk relating to trade and other receivables.

No individually material bad debt provision movement or charges has been recorded in the financial year. Based on past experience and the post balance sheet period to the date of approval of these consolidated financial statements, the Group considers that the provision allowance recorded is adequate. Within the provision there are no individually material amounts held. Provisions for doubtful debts in respect of trade receivable balances are managed by each underlying business unit where the debts arise and are based on local management experience. Factors considered include the age of the receivable, previous experience with the counterparty and the economic environment in which the counterparty is located.

Receivable from related parties of £1.3m (2017: £nil) represents amounts due from Tim Topco Limited, the Company's immediate parent company.

Prepayments include amounts paid in advance to suppliers of flight, accommodation and other services in order to guarantee the provision of those supplies. There is a credit risk in respect of the continued operation of those suppliers during the period over which the supplies are made, the maximum amount of risk being equal to the carrying value.

## 20. Retirement obligation assets

### Pension schemes

The Group operates pension schemes for employees eligible and wishing to participate in the schemes. These comprise both defined contribution and a defined benefit scheme. Pension obligations vary reflecting the different legal and market conditions in each country of operation. Defined contribution schemes are funded by the payment of contributions to private and state-run organisations, whilst the defined benefit scheme comprises of one funded scheme. Current contributions to the defined contribution schemes are recognised as an expense in the year and, once paid, the Group has no further liability.

### Defined benefit pension scheme – Emerald Star

One Group company, Emerald Star Limited ("Emerald Star"), provides pensions for certain of that Company's permanent current and former employees which are funded through a final salary defined benefit pension scheme (the "Scheme"). The Scheme's assets are held separately from the assets of Emerald Star in separate trustee administered funds. The Scheme was closed to new entrants from 19 August 2002 and its participants are not required to make contributions to the Scheme. Annual contributions are being made by the Company.

### Role of the Trustees

The Trustees comprise representatives appointed by Emerald Star. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible in particular for the asset investment policy plus the day-to-day administration of the benefits. They are also responsible for jointly agreeing with the employer the level of contributions.

### Funding requirements

The Trustee undertakes actuarial valuations of the Scheme at least every three years. These are conducted by qualified, independent actuaries. The latest actuarial valuation that was fully concluded at the balance sheet date was undertaken as at 1 July 2017. Valuations of the Scheme's assets are made using market-based valuations and the defined benefit obligation is calculated using the Projected Unit Credit Method.

Triennial actuarial valuations are carried out to determine the Company contribution rate required to support and maintain the Scheme in order to adequately fund the Scheme's deficit and provide benefits under the Scheme. The solvency of the Scheme, as determined by the Funding Standard (the statutory minimum funding requirement) is reviewed annually.

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**Assumptions**

Assumptions under IAS 19 (revised) are set using the best estimate with reference to market conditions at the valuation date. The assets of each Scheme have been taken at market value whilst liabilities have been calculated using the following principal financial and demographic assumptions:

	30 September 2018	30 September 2017
	%	%
<i>Financial assumptions</i>		
Discount rate	1.95	2.05
Pensionable salary increases	2.00	2.00
Pension increases	0.00	0.00

*Demographic assumptions*

The mortality assumptions explicitly allow for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 in 2018 and 2038.

	30 September 2018	30 September 2017
	Years	Years
<i>Life expectancy</i>		
<b>Males</b>		
Life expectancy in years for a pensioner retiring aged 65, on the balance sheet date	21.4	21.2
Life expectancy in years for a pensioner retiring aged 65, 20 years after the balance sheet date	23.9	23.7
<b>Females</b>		
Life expectancy in years for a pensioner retiring aged 65, on the balance sheet date	23.8	23.7
Life expectancy in years for a pensioner retiring aged 65, 20 years after the balance sheet date	25.9	25.8

**Sensitivity analysis**

The sensitivity of the Scheme's liabilities to the above key financial and demographic assumptions is illustrated below:

	30 September 2018	30 September 2017
	£m	£m
<b>Discount rate</b>		
Increase in obligation due to decreasing discount rate by 0.5%	0.3	0.3
Decrease in obligation due to increasing discount rate by 0.5%	(0.3)	(0.3)
<b>Pensionable salary inflation</b>		
Increase in obligation due to increasing pensionable salary inflation by 0.5%	0.1	0.1
Decrease in obligation due to decreasing pensionable salary inflation by 0.5%	(0.1)	(0.1)
<b>Demographic assumptions</b>		
<i>Mortality rate</i>		
Increase in obligation due to increasing life expectancy by 1 year	0.1	0.1

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial period and may not be representative of the actual change. It is based on the key assumptions while holding all other assumptions constant.

**Composition of members**

The valuations are based on participant data at each financial year end. The following table summarises the number of members in the Scheme:

	30 September 2018	30 September 2017
	(number)	(number)
Active members	7	7
Pensioners	13	13
Deferred pensions	28	30
<b>Total</b>	<b>48</b>	<b>50</b>

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**Analysis of present value of defined benefit obligations**

	<b>30 September 2018 £m</b>	<b>30 September 2017 £m</b>
Active members	1.0	1.0
Deferred members	0.9	1.0
Pensioners	0.8	0.7
<b>Total</b>	<b>2.7</b>	<b>2.7</b>

**Duration**

The weighted average duration of the defined benefit obligation is 20 years (2017: 20 years).

**Maturity analysis of expected benefit payments**

Expected benefit payments based on past and future service for current membership and falling due within the following timescales are as follows:

	<b>30 September 2018 £m</b>	<b>30 September 2017 £m</b>
Within one year	-	-
Within two to five years	0.2	0.2
After five years	3.8	4.0
<b>Total</b>	<b>4.0</b>	<b>4.2</b>

**Risks**

The Scheme exposes Emerald Star to a number of financial risks (asset risk, interest rate risk and inflation risk) and demographic risk (mortality risk).

*Asset risk*

77% (2017: 78%) of the Scheme's assets are invested in equity and absolute return funds which are expected to outperform bonds in the long term, but are likely to increase the volatility of the balance sheet and risk of deficit in the short term. Investing in these asset classes also creates concentration and liquidity risk. Concentration risk is the risk that the performance of a single investment class might negatively impact on the Trustees' ability to meet their objectives. Liquidity risk is the risk of a shortfall in cash relative to the short-term liabilities.

*Interest rate risk*

The Scheme is subject to interest rate risk, where a decrease in corporate bond yields would increase the value placed on the defined benefit obligation for accounting purposes, resulting in an increased deficit. However, this is partially mitigated by investing 22% (2017: 21%) of the Scheme's assets in government bonds as at 30 September 2018.

*Inflation rate risk*

A significant proportion of the Scheme's defined benefit obligation is indexed in line with price inflation, specifically inflation in salaries and deferred pensions. This is a risk to the Scheme particularly in relation to the active and deferred category of membership, making up 70% (2017: 74%) of the total liabilities). Inflation rate risk is partially mitigated by the investment of approximately 77% (2017: 78%) of the Scheme's assets in growth assets expected to grow in the long term such as equities.

*Mortality risk*

The majority of the Schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liability, as shown in the sensitivity table above.



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**Key accounting results**

Emerald Star's net defined benefit asset is recognised in the balance sheet as follows:

	30 September 2018 £m	30 September 2017 £m
Present value of defined benefit obligations	(2.7)	(2.7)
Fair value of plan assets	2.8	2.7
<b>Net asset recognised in the balance sheet</b>	<b>0.1</b>	<b>-</b>

A reconciliation of the Company's net defined benefit asset, analysed between the defined benefit obligation and plan assets is as follows:

	Present value of defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit asset £m
At incorporation	-	-	-
Acquisition of the Travelopia Group	(2.7)	2.7	-
At 30 September 2017	(2.7)	2.7	-
Net finance expense	-	-	-
Charge to the income statement	-	-	-
<i>Remeasurement of the net defined benefit asset:</i>			
Return on plan assets being greater than the discount rate	-	0.1	0.1
Credit to other comprehensive income	-	0.1	0.1
Employer contributions and benefits paid	-	-	-
<b>At 30 September 2018</b>	<b>(2.7)</b>	<b>2.8</b>	<b>0.1</b>

**Assets**

The fair value of the Scheme's assets at 30 September 2018 was as follows:

	30 September 2018 £m	30 September 2017 £m
Equities	1.2	1.2
Government bonds	0.6	0.5
Absolute return funds	1.0	1.0
<b>Total</b>	<b>2.8</b>	<b>2.7</b>

All of the Scheme's assets were valued using a quoted market price in an active market. The Scheme's assets do not include any ordinary shares issued by Emerald Star, nor any property occupied by, or other assets used by that company or the Group.

## 21. Deferred tax assets and liabilities

	30 September 2018		
	Assets	Liabilities	Net
	£m	£m	£m
Acquisition related intangible assets	8.0	(14.6)	(6.6)
Other intangible assets and property, plant and equipment	5.2	(10.1)	(4.9)
Financial instruments	0.6	(0.3)	0.3
Other short-term temporary differences	6.3	(1.0)	5.3
Tax value of losses carried forward	5.8	-	5.8
<b>Total</b>	<b>25.9</b>	<b>(26.0)</b>	<b>(0.1)</b>
Set off of deferred tax within the same jurisdiction	(7.4)	7.4	-
<b>Net deferred tax liabilities</b>	<b>18.5</b>	<b>(18.6)</b>	<b>(0.1)</b>

	30 September 2017		
	Assets (restated)	Liabilities	Net (restated)
	£m	£m	£m
Acquisition related intangible assets	13.9	(22.8)	(8.9)
Other intangible assets and property, plant and equipment	2.2	(10.5)	(8.3)
Financial instruments	0.7	-	0.7
Other short-term temporary differences (restated)	17.3	-	17.3
Tax value of losses carried forward	4.4	-	4.4
<b>Total</b>	<b>38.5</b>	<b>(33.3)</b>	<b>5.2</b>
Set off of deferred tax within the same jurisdiction	(16.9)	16.9	-
<b>Net deferred tax liabilities</b>	<b>21.6</b>	<b>(16.4)</b>	<b>5.2</b>

Details of the restatement are included in Note 3 of the financial statements.

Acquisition related intangible assets relate to temporary differences in respect of assets and liabilities recognised on the acquisition of the Travelopia Group. Property, plant and equipment temporary differences principally relate to tax depreciation being different to accounting depreciation in the UK and the US. Financial instruments arise in respect of financial instruments accounted for under IAS 39 and principally reflect the fair value at 30 September 2018 of derivatives that will be settled against future transactions. Other short-term temporary differences principally relate to operating expenses and related accruals and provisions for which a tax deduction has yet to be recognised. The Group has recognised deferred tax assets relating to tax losses in individual tax jurisdictions to the extent that the realisation of the related tax benefit through future taxable profits is probable.

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

	30 September 2017 (restated)	Credited/ (charged) to the consolidated income statement (restated)	Foreign exchange	30 September 2018
	£m	£m	£m	£m
<b>30 September 2018</b>				
Acquisition related intangible assets	(8.9)	2.4	(0.1)	(6.6)
Other intangible assets and property, plant and equipment	(8.3)	3.4	-	(4.9)
Financial instruments	0.7	(0.6)	0.2	0.3
Other short term temporary differences (restated)	17.3	(12.2)	0.2	5.3
Tax value of losses carried forward	4.4	1.4	-	5.8
<b>Total</b>	<b>5.2</b>	<b>(5.6)</b>	<b>0.3</b>	<b>(0.1)</b>

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	At incorporation	Arising on acquisition (restated)	Credited/ (charged) to the consolidated income statement (restated)	Foreign exchange	30 September 2017 (restated)
	£m	£m	£m	£m	£m
Acquisition related intangible assets	-	(10.3)	1.4	-	(8.9)
Other intangible assets and property, plant and equipment	-	(7.6)	(0.6)	(0.1)	(8.3)
Financial instruments	-	-	0.7	-	0.7
Other short term temporary differences	-	11.1	6.6	(0.4)	17.3
Tax value of losses carried forward	-	1.4	3.1	(0.1)	4.4
<b>Total</b>	-	(5.4)	11.2	(0.6)	5.2

Details of the restatement are included in Note 3 of the financial statements.

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (reported at the applicable tax rate):

	30 September 2018	30 September 2017
	£m	£m
Trading losses	6.7	4.5
Non-trading losses	0.4	0.3
<b>Total losses</b>	<b>7.1</b>	<b>4.8</b>

These assets have not been recognised principally because the Directors are not sufficiently certain of the timing of any taxable benefits that are expected to arise in the future.

**22. Inventories**

	30 September 2018	30 September 2017
	£m	£m
Marine inventories	19.9	17.7
Other operating inventories	1.9	1.7
<b>Total</b>	<b>21.8</b>	<b>19.4</b>

**23. Assets classified as held for sale**

	30 September 2018	30 September 2017
	£m	£m
Boats	0.2	0.2
Property	0.7	-
<b>Assets classified as held for sale</b>	<b>0.9</b>	<b>0.2</b>

Assets held for sale are expected to be sold within 12 months.

#### 24. Cash and cash equivalents

	30 September 2018 £m	30 September 2017 £m
Cash at bank - unrestricted	229.9	232.5
Cash at bank - deposits with maturity within three months	1.0	2.0
Cash at bank - other restricted	64.6	53.3
Cash in hand	0.3	0.3
<b>Cash and cash equivalents</b>	<b>295.8</b>	<b>288.1</b>

Cash at bank of £64.6m (2017: £53.3m) is restricted due to travel regulatory requirements, including £61.4m (2017: £51.4m) of which is restricted due to US travel regulations for flights, whereby customer deposits are held in a separate escrow account, which can only be used within certain periods prior to departure date for the purposes of paying direct costs of the trip and then returned to the company after the trip's return date.

#### 25. Interest-bearing loans and borrowings

	30 September 2018		
	Current liabilities £m	Non-current liabilities £m	Total £m
Secured bank loan	0.2	97.2	97.4
Other financial liabilities	1.1	6.0	7.1
<b>Total</b>	<b>1.3</b>	<b>103.2</b>	<b>104.5</b>

	30 September 2017		
	Current liabilities £m	Non-current liabilities £m	Total £m
Secured bank loan	0.2	96.8	97.0
Other financial liabilities	2.5	5.4	7.9
<b>Total</b>	<b>2.7</b>	<b>102.2</b>	<b>104.9</b>

##### Secured bank loan

The Group has a Senior Facilities Agreement with a syndicate of banks for a term loan facility of £100.0m (2017: £100.0m) with a maturity date of 15 June 2024 and a revolving credit facility of £80.0m (2017: £75.0m) with a maturity date of 15 June 2023. £2.0m (2017: £nil) of the revolving credit facility has been designated for letters of credit, with the remaining £78.0m (2017: £75.0m) being available for drawing down cash.

The term loan is secured by a fixed and floating charge over certain assets of the Group as explained below and bears interest at LIBOR plus a margin between 3.75% and 4.5%, which is dependent upon a margin ratchet based on the ratio of total net debt of the Group to the Group's consolidated earnings before one off items, interest, tax, depreciation and amortisation (as defined in the Group's senior facilities agreement). The applicable margin for the current financial year was 4.5% until 16 June 2018 and 3.75% thereafter (2017: 4.5%). The £100.0m loan was fully drawn down on 15 June 2017, raising £96.6m net of expenses, which are being accreted to the consolidated income statement over the loan's term.

The lenders under the Group's senior facilities have the benefit of certain fixed and floating security agreements granted by certain members of the Group over certain assets of the Group (but, for the avoidance of doubt, no security has been granted in favour of these lenders by, or over the shares in or assets of, any member of the Group that is within the "ring fence" arrangement with the UK Civil Aviation Authority).

The £78.0m cash element of the revolving credit facility has remained undrawn throughout the financial year. Of the £2.0m designated for letters of credit, £0.8m has been drawn at 30 September 2018. Therefore the total undrawn committed facilities of the Group at 30 September 2018 was £79.2m. When drawn, the interest rate applicable for the revolving credit facility will be LIBOR plus a margin between 3.25% and 4.0%, which is dependent upon a margin ratchet based on the ratio of total net debt of the Group to the Group's consolidated earnings before one off items, interest, tax, depreciation and amortisation (as defined in the senior facilities agreement). The applicable margin for the current financial year was 4.0% until 16 June 2018 and 3.25% thereafter (2017: 4.0%). A commitment fee of 35% of the applicable margin is payable on the undrawn portion of the revolving credit facility and is disclosed as a facility fee within financial expenses and recognised in the consolidated income statement in the financial year in which it is incurred.

## 26. Trade and other payables

	30 September 2018		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Trade payables	20.5	-	20.5
Other payables	17.5	-	17.5
Other taxes and social security costs	5.8	-	5.8
Accruals and deferred income	62.3	3.4	65.7
Client money received in advance	270.4	0.2	270.6
<b>Total</b>	<b>376.5</b>	<b>3.6</b>	<b>380.1</b>

	30 September 2017		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Trade payables	21.4	-	21.4
Other payables	12.7	-	12.7
Other taxes and social security costs	6.8	-	6.8
Accruals and deferred income	63.7	2.4	66.1
Client money received in advance	251.8	0.1	251.9
<b>Total</b>	<b>356.4</b>	<b>2.5</b>	<b>358.9</b>

## 27. Financial instruments

### Treasury risk overview

The Group is exposed to a variety of financial risks:

- Market risk (in respect of foreign currency exchange risk, fuel price risk and interest rate risk);
- Liquidity risk (in respect of the Group's ability to meet its liabilities);
- Credit risk (in respect of recovery of amounts owing to the Group); and
- Capital risk (in respect of its capital structure and cost of capital).

The Group's key financial market risks are in relation to foreign currency rates, oil fuel prices and interest rate risk. Currency risk results from the substantial cross-border element of the Group's trading and arises on sales, purchases and borrowings that are denominated in a currency other than the functional currency of individual Group businesses. The risk is managed by the use of foreign exchange forward contracts. The Group's exposure to oil fuel prices results from cruising operations and is managed using forward commodity contracts. The Group is exposed to interest rate risk that arises principally from the Group's floating rate bank loan.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and for ensuring that the Group has adequate policies, procedures and controls to successfully manage the financial risks that it faces. Transactions are only undertaken to hedge underlying exposures. Financial instruments are not traded, nor are speculative positions taken.

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**Currency risk management**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of individual Group businesses (which are principally Sterling, US Dollar and the Euro).

Each individual Group business hedges its foreign currency exposures, based upon each business's specific forecasts. At any point in time, the Group businesses will have hedged substantially all of its foreign currency exposure (forecast sales and/or purchases and related assets and/or liabilities) for the coming months of trading, predominantly using forward exchange contracts, most of which have a maturity of less than one year from the reporting date.

The Group presents its consolidated financial statements in Sterling and, as a result, is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its foreign operations into Sterling. The Group does not hedge against this risk.

The following significant exchange rates were used to translate to presentation currency (excluding the impact of hedged transactions) and are illustrative of the rates applied during the current financial periods:

£1 GBP equivalent	Period ended 30 September 2018		Period ended 30 September 2017	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.3458	1.3031	1.3089	1.3397
Euro	1.1304	1.1224	1.1143	1.1340

As at 30 September 2018, the Group has hedging instruments in place with a notional amount of US\$50.8m and €43.9m (2017: \$27.5m and €33.9m).

**Commodity risk**

Fuel commodity risk arises from the Group's operation of polar expedition ships. As at 30 September 2018, the Group has hedged transactions for fuel of 11,000 (2017: 14,000) metric tonnes for the period up until September 2019.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including cash and cash equivalents) and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables, financial guarantees and committed transactions. Credit risk is managed separately for treasury and operating related credit exposures. There is no material concentration of credit risk with respect to trade and other receivables as the Group has a large number of internationally dispersed customers. Credit risk in respect of cash and cash equivalents is managed by only having material cash balances with highly reputable global banks.

The maximum credit exposure to the carrying amount of financial assets at the balance sheet date is shown in the table below.

	Carrying value 30 September 2018 £m	Carrying value 30 September 2017 £m
Trade receivables (Note 19)	12.2	18.8
Receivables from related parties	1.3	-
Other receivables	10.9	0.6
Cash and cash equivalents (Note 24)	295.8	288.1
Derivatives - contracts used for hedging	3.2	2.5
<b>Total</b>	<b>323.4</b>	<b>310.0</b>

The maximum exposure to credit risk for total trade receivables at the balance sheet date and by geographic region as well as their ageing is disclosed in Note 19. Trade and other receivables are shown net of provision for bad and doubtful debts of £0.9m (2017: £0.6m).

Trade and other receivables exclude prepaid accommodation, other prepayments and sales taxes which do not meet the definition of a financial instrument. Prepayments for both flights and hotel accommodation, whilst not meeting the definition of a financial asset under IAS 39, give rise to a risk similar to credit risk due to the inherent risk of the Group not recovering the prepayment through full delivery of the related goods and services. From time to time, the Group's prepayments may concentrate towards specific counterparties or geographical locations. The carrying amount of prepayments (which are presented within current assets) forms their maximum credit exposure. The credit risk of other receivables disclosed above include accrued revenue and staff, insurance and rebate receivables.

A further analysis of cash balances is provided in Note 24.

#### Interest rate risk

Details of the Group's financial liabilities are disclosed in Note 25. The Group manages its principal interest rate risk on its £100.0m external bank loan by taking out an interest rate swap for £50.0m (2017: £50.0m) such that the Group receives the variable interest on this notional balance and pays a fixed rate on this of 0.5635% (2017: 0.5635%) (in addition to the applicable margin). The interest rate swap expires on 15 June 2019.

Other financial liabilities represents amounts received from individuals as part of an option to purchase yachts scheme that are repayable in the event that those individuals choose not to exercise an option to purchase a yacht in the future. No interest is payable on these amounts.

The Group's interest and non-interest bearing loans and other financial liabilities, other than trade and other payables, are measured at amortised cost and are analysed as follows:

Financial instrument	Currency	Nominal interest rate	Maturity	Carrying amount 30 September 2018	Carrying amount 30 September 2017
				£m	£m
Secured bank loans	Sterling	LIBOR +3.75%	2024	97.4	97.0
Other financial liabilities	EUR, GBP and USD	0%	2018 – 2024	7.1	7.9
<b>Total interest-bearing liabilities</b>				<b>104.5</b>	<b>104.9</b>
<b>Analysed between:</b>					
Zero rate liabilities				7.1	7.9
Variable rate liabilities				97.4	97.0
				<b>104.5</b>	<b>104.9</b>

The secured bank loan has been categorised as a variable rate liability, notwithstanding the fact that a separate interest rate swap has been taken out for £50.0m (2017: £50.0m) to fix the interest rate for this element of the loan.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances

The Group's liquidity peaks between July and September and has a forecasted liquidity low point in March to May. In addition to the fully drawn £100.0m external bank loan, if required, the Group would be able to draw cash advances under its revolving credit facilities up to the cash element of the facility of £78.0m (2017: £75.0m). The external bank revolving credit facility can and will be used to manage the seasonality of the Group's working capital requirements and provide additional funding for future capital expenditure and acquisitions. Cash positions, liquidity and available facility headroom are monitored on a monthly basis by Group management and the Board of Directors. £2.0m (2017: £nil) of the £80.0m (2017: £75.0m) revolving credit facility is designated for letters of credit, of which £1.2m (2017: £nil) is unutilised at 30 September 2018.

At 30 September 2018, the Group had total available undrawn committed borrowing facilities of £79.2m (2017: £75.0m) comprising the revolving credit facility set out above. This facility expires in just under five years at the balance sheet date.

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The Group has three liquidity covenants, two with the Civil Aviation Authority ('CAA') and one on the secured bank loan.

**CAA covenants**

At each month end, the Group is required to have a minimum of 70% of cash compared to customer deposits. For this test, cash and customer deposit balances include only those within an internally ring-fenced group. Subject to certain permitted payments, cash within the internally ring-fenced group cannot be passed to parent companies without prior agreement of the CAA. The second covenant with the CAA is for the Group to ensure that it meets a quarterly gross debt to Adjusted EBITDA covenant, where gross debt is no greater than three times the Adjusted EBITDA of the last twelve months. For these tests, the relevant figures for net debt and Adjusted EBITDA are defined within the senior facilities agreement. Both of these tests were met at 30 September 2018

**Bank covenant**

The Group is also required to meet a quarterly net debt to Adjusted EBITDA covenant, whereby net debt is no greater than 3.75 times annual Adjusted EBITDA. For this test, the relevant figures for net debt and Adjusted EBITDA are defined within the senior facilities agreement. At 30 September 2018, with cash at a high point, the Group had significant headroom on this test. Any non-compliance with the bank covenant underlying the Group's financing arrangements could, if not waived, constitute an event of default.

The Board has reviewed the Group's budgets and forecasts for the foreseeable future and remains satisfied with the Group's funding and liquidity position and compliance with the above external covenants.

The following are the undiscounted contractual cash flows of financial liabilities, including interest payments calculated using interest rates in force at each balance sheet date:

	Carrying amount £m	Total contractual cash flows £m	Contractual cash flows analysed as payable:			
			No later than 1 year £m	Later than 1 year and no later than 2 years £m	Later than 2 years and no later than 5 years £m	Later than 5 years £m
<b>30 September 2018</b>						
Secured bank loans	97.4	126.1	4.5	4.5	13.6	103.5
Other financial liabilities	7.1	7.1	1.1	1.3	3.1	1.6
Trade and other payables	100.3	100.3	100.3	-	-	-
Derivative financial liabilities	0.7	0.7	0.6	0.1	-	-
<b>Total</b>	<b>205.5</b>	<b>234.2</b>	<b>106.5</b>	<b>5.9</b>	<b>16.7</b>	<b>105.1</b>

	Carrying amount £m	Total contractual cash flows £m	Contractual cash flows analysed as payable:			
			No later than 1 year £m	Later than 1 year and no later than 2 years £m	Later than 2 years and no later than 5 years £m	Later than 5 years £m
<b>30 September 2017</b>						
Secured bank loans	97.0	132.5	4.8	4.8	14.4	108.5
Other financial liabilities	7.9	7.9	2.5	1.5	2.2	1.7
Trade and other payables	95.3	95.3	95.3	-	-	-
Derivative financial liabilities	3.5	3.3	3.3	-	-	-
<b>Total</b>	<b>203.7</b>	<b>239.0</b>	<b>105.9</b>	<b>6.3</b>	<b>16.6</b>	<b>110.2</b>

The timing reflected in the tables above is based on the first date that the Group can be contractually required to settle each liability. Details in respect of the Group's £78.0m (2017: £75.0m) cash element of the revolving credit facility has been excluded from this analysis since this facility remains undrawn at 30 September 2018. Trade and other payables include only those payables that classify as financial liabilities.

Debts falling due for repayment after five years with an aggregate value at 30 September 2018 of £105.1m (2017: £110.2m) comprise secured bank loans with a principal amount of £100.0m (2017: £100.0m) and interest payable of £3.5m (2017: £8.5m) together with other financial liabilities with a principal amount of £1.6m (2017: £1.7m). All principal amounts are payable as bullet payments at maturity.



**Analysis of total financial assets and financial liabilities**

The tables below set out the Group's IAS 39 classification for each of its financial assets and liabilities:

	Financial assets / (liabilities) at fair value through profit and loss	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Total carrying value
At 30 September 2018	£m	£m	£m	£m
<b>Assets</b>				
<i>Non-current:</i>				
Derivative assets	0.2	-	-	0.2
Trade receivables	-	0.8	-	0.8
<i>Current:</i>				
Trade receivables	-	11.4	-	11.4
Receivables from related parties	-	1.3	-	1.3
Other receivables	-	10.9	-	10.9
Derivative assets	3.0	-	-	3.0
Cash and cash equivalents	-	295.8	-	295.8
	<b>3.2</b>	<b>320.2</b>	<b>-</b>	<b>323.4</b>
<b>Liabilities</b>				
<i>Current:</i>				
Borrowings due within one year	-	-	(0.2)	(0.2)
Derivative liabilities	(0.6)	-	-	(0.6)
Trade and other payables	-	-	(100.3)	(100.3)
Other financial liabilities	-	-	(1.1)	(1.1)
<i>Non-current:</i>				
Borrowings due after more than one year	-	-	(97.2)	(97.2)
Derivative liabilities	(0.1)	-	-	(0.1)
Other financial liabilities	-	-	(6.0)	(6.0)
	<b>(0.7)</b>	<b>-</b>	<b>(204.8)</b>	<b>(205.5)</b>
	Financial assets / (liabilities) at fair value through profit and loss	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Total carrying value
At 30 September 2017	£m	£m	£m	£m
<b>Assets</b>				
<i>Non-current:</i>				
Derivative assets	0.1	-	-	0.1
Other receivables	-	0.6	-	0.6
<i>Current:</i>				
Trade receivables	-	18.8	-	18.8
Derivative assets	2.4	-	-	2.4
Cash and cash equivalents	-	288.1	-	288.1
	<b>2.5</b>	<b>307.5</b>	<b>-</b>	<b>310.0</b>
<b>Liabilities</b>				
<i>Current:</i>				
Borrowings due within one year	-	-	(0.2)	(0.2)
Derivative liabilities	(3.5)	-	-	(3.5)
Trade and other payables	-	-	(95.3)	(95.3)
Other financial liabilities	-	-	(2.5)	(2.5)
<i>Non-current:</i>				
Borrowings due after more than one year	-	-	(96.8)	(96.8)
Other financial liabilities	-	-	(5.4)	(5.4)
	<b>(3.5)</b>	<b>-</b>	<b>(200.2)</b>	<b>(203.7)</b>

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**Fair values of financial assets and financial liabilities**

The fair values of financial assets and liabilities, together with carrying amounts shown in the consolidated balance sheet at 30 September 2018 are as follows:

	30 September 2018		30 September 2017	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Financial assets other than derivatives:</b>				
Cash and cash equivalents	295.8	295.8	288.1	288.1
Non-current other receivables	0.8	0.8	0.6	0.6
Trade receivables	12.2	12.2	18.8	18.8
Receivables from related parties	1.3	1.3	-	-
<b>Financial liabilities other than derivatives:</b>				
Secured bank loan	(97.4)	(100.0)	(97.0)	(100.0)
Other financial liabilities	(7.1)	(5.8)	(7.9)	(6.5)
Current trade and other payables	(100.3)	(100.3)	(95.3)	(95.3)

The fair value of borrowings has been calculated by discounting the expected future cash flows at the appropriate interest rate at the balance sheet date for each class of financial asset and liability. The carrying value of the bank loan is stated net of the debt issuance costs whilst the fair value is calculated using market interest rates.

**Fair value measurements**

IFRS 7 requires enhanced disclosures about fair value measurements of financial instruments through the use of a three level fair value hierarchy that prioritises the valuation techniques used in fair value calculations

The levels can be broadly described as follows:

- Level 1 – use of unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – use of observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – use of inputs not based on observable market data but reflecting management's own assumptions about pricing the asset or liability.

The Group's financial assets and liabilities measured at fair value at 30 September 2018 consist of derivative financial instruments. Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate inputs at level 2, such as interest rates and foreign currency exchange rates. These market inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility, discount rate and taking credit risk into account. As significant inputs to the valuation are observable in external markets, these instruments are categorised as level 2 in the hierarchy. There have been no transfers between any levels in the financial year.

Where fair values differ from the carrying amount in the table above, the measurement of fair values use a discounted cashflow model which incorporate the borrowing rates for both, being a Level 2 input for the bank loan and a level 3 input for the other financial liabilities. There have been no changes to this valuation technique in current financial year. For other financial assets and liabilities, the fair value approximates to the carrying values.

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**Derivative instruments**

At the balance sheet date the fair value of the Group's derivative financial assets and liabilities was as follows:

	30 September 2018		
	Assets	Liabilities	Total
	fair value £m	fair value £m	fair value £m
Foreign exchange forwards	2.5	(0.7)	1.8
Commodity forwards	0.6	-	0.6
Interest rate swap	0.1	-	0.1
<b>Total</b>	<b>3.2</b>	<b>(0.7)</b>	<b>2.5</b>

*Analysed as:*

Current	3.0	(0.6)	2.4
Non-current	0.2	(0.1)	0.1
<b>Total</b>	<b>3.2</b>	<b>(0.7)</b>	<b>2.5</b>

	30 September 2017		
	Assets	Liabilities	Total
	fair value £m	fair value £m	fair value £m
Foreign exchange forwards	2.0	(3.4)	(1.4)
Commodity forwards	0.4	(0.1)	0.3
Interest rate swap	0.1	-	0.1
<b>Total</b>	<b>2.5</b>	<b>(3.5)</b>	<b>(1.0)</b>

*Analysed as:*

Current	2.4	(3.5)	(1.1)
Non-current	0.1	-	0.1
<b>Total</b>	<b>2.5</b>	<b>(3.5)</b>	<b>(1.0)</b>

A gain (2017: loss) in the value of derivatives of £3.2m (2017: £0.7m) has been recognised in financial income (2017: financial expenses) within the consolidated income statement in the financial year. The Group has taken out an interest rate swap to partially mitigate the interest rate risk on the £100.0m bank loan, details of which are disclosed above.

The following table indicates the periods in which the cash flows associated with derivatives are expected to occur. Future cash flows have been estimated based on spot rates and prices at 30 September 2018 and have been shown net for each instrument.

	30 September 2018		30 September 2017	
	No later than 1 year £m	Later than 1 year and no later than 2 years £m	No later than 1 year £m	Later than 1 year and no later than 2 years £m
<b>Derivative financial assets</b>				
Interest rate swap	0.1	-	-	0.1
Foreign exchange forwards	2.4	0.1	1.9	-
Commodity forwards	0.7	-	0.4	-
	<b>3.2</b>	<b>0.1</b>	<b>2.3</b>	<b>0.1</b>
<b>Derivative financial liabilities</b>				
Foreign exchange forwards	(0.6)	(0.1)	(3.2)	-
Commodity forwards	-	-	(0.1)	-
	<b>(0.6)</b>	<b>(0.1)</b>	<b>(3.3)</b>	<b>-</b>
<b>Total</b>	<b>2.6</b>	<b>-</b>	<b>(1.0)</b>	<b>0.1</b>

**Sensitivity analysis**

This sensitivity analysis is for illustrative purposes only and should not be considered a projection of likely future events and gains or losses. This sensitivity analysis includes the following assumptions:

- changes in market interest rates only affect interest income or expense of variable financial instruments; and
- changes in the fair value of derivative financial instruments (estimated by discounting the future cash flows to net present values) use appropriate market rates prevailing at the year end.

The Group has used a sensitivity analysis technique that measures the estimated change to the consolidated income statement and equity of a 1% (100 basis points) difference in market interest rates or a 10% strengthening or weakening in Sterling against other currencies, from the rates applicable at the balance sheet date, with all other variables remaining constant, these being considered to be reasonably possible changes to interest rates and Sterling rates.

**(i) Interest rate risk**

Under the above assumptions, a 100 basis points increase in interest rates would result in a £0.5m (2017: £0.5m) increase in interest expense (and hence reduction in profit before tax) in the consolidated income statement and equity. A 100 basis points reduction in interest rates is not considered reasonably possible in view of the current economic environment within the UK.

**(ii) Currency risk**

The Group's subsidiaries hedge some of their foreign currency exposures not denominated in their respective functional currency to mitigate the impact of fluctuations in underlying exchange rates. The Group has elected not to use hedge accounting through reserves such that the fair value movements are recognised in the consolidated income statement.

The two currencies that are considered to have a significant impact on the profitability of the Group are the US Dollar and the Euro. The table below demonstrates the sensitivity to a reasonably possible change of 10% in these two exchange rates on the carrying value of financial assets and liabilities.

	30 September 2018		30 September 2017	
	Increase / (reduction) in profit before tax	Increase / (reduction) in equity	Increase / (reduction) in profit before tax	Increase / (reduction) in equity
Impact of a 10% change	£m	£m	£m	£m
Strengthening of the US Dollar	6.7	6.7	7.7	5.5
Weakening of the US Dollar	(6.7)	(6.7)	(6.7)	(4.8)
Strengthening of the Euro	(0.1)	(0.1)	3.7	2.9
Weakening of the Euro	(0.8)	(0.8)	(2.9)	(2.3)

**(iii) Fuel price risk**

Sensitivity analysis is based on a 10% increase or decrease in fuel prices and the sensitivity will differ correspondingly if the fuel markets are more or less volatile. Under these assumptions, with a 10% increase or decrease in the unit price of fuel, profit before tax would neither increase nor decrease materially, because of the low level of forward commodity contracts in place as at 30 September 2018.

**Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide for long term capital growth for shareholders. The Group's policy is to maintain a strong capital base that ensures financial stability and provides a solid foundation for ongoing development and growth of business operations and maintain investor, regulatory, lender and supplier confidence.

The Group defines capital as equity (Note 29) and interest-bearing loans and borrowings, including the undrawn revolving credit facility (Note 25). The Directors consider that the Group has sufficient capital for its needs.

The Group has externally imposed requirements for managing capital under both the terms of its loan facility and its ATOL licence, issued by the Civil Aviation Authority. Details of these requirements are set out in the liquidity risk section above.

## 28. Provisions for liabilities

	Dilapidations £m	Other £m	Total £m
At incorporation	-	-	-
Acquisition through business combination	1.8	14.4	16.2
Provided in the financial period	-	0.1	0.1
Reclassification	-	(0.5)	(0.5)
Released unused in the financial period	-	(0.1)	(0.1)
Cash paid	-	(12.2)	(12.2)
Foreign exchange	-	(0.1)	(0.1)
At 30 September 2017	1.8	1.6	3.4
Provided in the financial year	-	1.8	1.8
Released unused in the financial year	-	(0.2)	(0.2)
Cash paid	-	(0.7)	(0.7)
Foreign exchange	-	0.1	0.1
At 30 September 2018	1.8	2.6	4.4
	Dilapidations £m	Other £m	Total £m
At 30 September 2018			
Analysed as:			
Non-current	0.5	0.6	1.1
Current	1.3	2.0	3.3
	1.8	2.6	4.4
At 30 September 2017			
Analysed as:			
Non-current	1.4	0.3	1.7
Current	0.4	1.3	1.7
	1.8	1.6	3.4

### Dilapidation provisions

Dilapidation provisions represents the cost of restoring operating leased properties back to their original or required condition at the end of the lease term. The classification between non-current and current reflects the contracted lease termination date.

### Other

Other provisions relate to outstanding claims, litigation and restructuring provisions together with onerous lease contracts that have been entered into in the ordinary course of business, the amount or timing of which is uncertain. The Group has a policy to mitigate the financial risk of claims, litigation and disaster through insurance with third party providers.

## 29. Called up share capital

	30 September 2018 £m	30 September 2017 (restated) £m
Fully paid and issued		
25,999,000 (2017: 23,999,000) ordinary shares of £1 each	26.0	24.0

Details of the restatement to share capital are provided in Note 3.

On 1 June 2018, the Company issued 2,000,000 ordinary shares of £1 each and received cash proceeds of £2.0m.

### 30. Business combinations

On 15 June 2017, the Group acquired the Travelopia Group from its previous owner, TUI AG, through the acquisition of the entire share capital of Travelopia Holdings Limited and Travelopia USA Inc, which were the two former parent companies of the Travelopia Group.

The total fair value of the consideration payable to acquire the share capital, including contingent consideration payable originally fair valued at acquisition date of £nil, was £179.8m and which was paid in cash. The provisional amount of the net assets acquired totalled £192.9m, which gave rise to provisional negative goodwill of £13.1m and which was recognised in the consolidated income statement in the financial period ended 30 September 2017.

International Financial Reporting Standard 3 "Business Combinations" permits up to 12 months for provisional acquisition accounting to be finalised following the acquisition date, if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

At the date of signing the consolidated financial statements for the financial period ended 30 September 2017, the acquisition accounting remained incomplete in two respects. Firstly, following the impact of Hurricane Irma on the BVI, the Directors had not yet been able to receive a market valuation report from external advisers to ascertain the fair value of the BVI yacht base at the acquisition date. Instead, the Directors formed their own assessment of the fair value of the land and buildings amounting to £24.0m, which was included within property, plant and equipment in the acquisition table below. During the measurement period, the external market valuation was received and which valued the BVI yachts base at £33.1m, £9.1m higher than the provisional amount.

The acquisition accounting also remained incomplete due to the negative goodwill that arose on the acquisition, due to the purchase consideration being less than the net assets acquired. Whilst the Directors considered that a bargain purchase had arisen (as accounted for as negative goodwill), they continued to review and consider the valuation of certain assets, including the intangible assets recognised on acquisition (being brands, customer relationships, beneficial contracts and the order book).

The deferred and current tax balances at the acquisition date of 15 June 2017 contained a number of tax balances where the timing of such tax payments (and hence their recognition as either a current or deferred tax) was uncertain as at the date of approving the prior year's consolidated financial statements. These mainly arose as a result of the interaction between the short accounting period from the acquisition date to 30 September 2017 and the application of detailed US tax rules. Certainty of the amounts and timing of the tax payable for the period ended 15 June 2017 (and, as a consequence, for the period ended 30 September 2017) only crystallised on completion and filing of the US tax returns for the period then ended, which arose within the post-acquisition measurement period (for the purposes of accounting for the business combination).

Accordingly, the provisional values previously recognised on the acquisition of the Travelopia Group at 15 June 2017 have been updated to reflect these materially different changes at the acquisition date. Provisional net deferred tax assets of £3.3m has been reduced by £8.7m to become a net deferred tax liability of £5.4m. Corporation tax payable of £2.4m has been reduced by £6.5m to reflect payments on account of £4.1m.

#### (i) Negative goodwill

The acquisition gave rise to provisional negative goodwill of £13.1m, which has been adjusted as a prior year adjustment to £20.0m as a result of these restatements. In accordance with IFRS 3, this amount has been recognised within the consolidated income statement in the financial period ended 30 September 2017 and disclosed within other income.

#### (ii) Subsequent accounting

Subsequent to the fair value uplift of the BVI yacht base, this amount was subsequently impaired in full as a result of Hurricane Irma, in the period ended September 2017. Further information is provided in Note 18. This impairment has also been recognised as a prior year adjustment in the financial period ended 30 September 2017.

In the financial year ended 30 September 2018, adjustments have been recognised to the total consideration payable and the valuation of intangibles assets. The estimated fair value of contingent consideration payable has been re-assessed at the balance sheet date and is now estimated to be £2.0m. This adjustment has been recognised as an administrative expense in the consolidated income statement for the year ended 30 September 2018

Adjustments after the measurement period in respect of the valuation of intangible assets have arisen in respect of the impairment of the Sovereign brand and customer relationship, for which further details are given in Note 17. These adjustments were not recognised as measurement period adjustments (and hence recognised in the financial period ended 30 September 2017) as these did not impact the fair values recognised at the acquisition date.

The table below shows the provisional and final amounts as at the date of acquisition.

	Provisional amounts £m	Measurement period adjustments £m	Finalised amounts £m
Intangible assets	124.0	-	124.0
Property, plant and equipment	187.3	9.1	196.4
Deferred tax assets/(liabilities) - net	3.3	(8.7)	(5.4)
Inventories	39.3	-	39.3
Trade and other receivables	149.9	-	149.9
Acquired cash	371.1	-	371.1
Customer deposits	(326.6)	-	(326.6)
Current trade and other payables	(119.7)	-	(119.7)
Corporation tax (payable) / payments on account - net	(2.4)	6.5	4.1
Derivative financial instruments - net	(0.2)	-	(0.2)
Provisions	(16.2)	-	(16.2)
Debt assumed - loans to former Group entity	(209.0)	-	(209.0)
Other liabilities	(7.9)	-	(7.9)
<b>Net assets</b>	<b>192.9</b>	<b>6.9</b>	<b>199.8</b>
Fair value of consideration payable	179.8	-	179.8
Less: net assets acquired	(192.9)	(6.9)	(199.8)
<b>Negative goodwill</b>	<b>(13.1)</b>	<b>(6.9)</b>	<b>(20.0)</b>

### 31. Movements in liabilities arising from financing activities

	Loans from former Group £m	Bank loans £m	Other financial liabilities £m	Total £m
<b>Financial liabilities</b>				
At incorporation	-	-	-	-
Acquired	209.0	-	7.9	216.9
Cash inflow in the financial period	-	96.6	72.4	169.0
Cash outflow in the financial period	(209.0)	-	(72.4)	(281.4)
Non-cash movement	-	0.4	-	0.4
At 30 September 2017	-	97.0	7.9	104.9
Cash inflow in the financial year	-	-	1.9	1.9
Cash outflow in the financial year	-	-	(2.4)	(2.4)
Non-cash movement	-	0.4	(0.3)	0.1
<b>At 30 September 2018 (Note 25)</b>	<b>-</b>	<b>97.4</b>	<b>7.1</b>	<b>104.5</b>

Details of the Group's bank loan are provided in Note 25. Details of committed undrawn banking facilities and covenants are provided in Note 27. Details of restricted cash are provided in Note 24.

### 32. Lease commitments

Total Group obligations under non-cancellable lease contracts are payable as follows:

	30 September 2018		
	Land and property £m	Aircraft, ships, boats, yachts & vehicles £m	Total £m
<b>Total commitments under non-cancellable leases falling due:</b>			
No later than one year	9.0	48.9	57.9
Later than one year and no later than five years	15.9	201.3	217.2
Later than five years	6.1	23.3	29.4
<b>Total</b>	<b>31.0</b>	<b>273.5</b>	<b>304.5</b>

	30 September 2017		
	Land and property £m	Aircraft, ships, boats, yachts & vehicles £m	Total £m
<b>Total commitments under non-cancellable leases falling due:</b>			
No later than one year	6.5	40.9	47.4
Later than one year and no later than five years	8.7	67.4	76.1
Later than five years	7.4	0.2	7.6
<b>Total</b>	<b>22.6</b>	<b>108.5</b>	<b>131.1</b>

By 30 September 2018, as part of the transition to IFRS 16, the Group had identified over 700 lease contracts, the minimum lease commitments for which are disclosed above in accordance with IAS 17, the current financial reporting standard for leases. Lease commitments in respect of land and buildings comprise commitments for the Group's 152 lease contracts for hotels, offices, yacht and boat bases and shops. Lease commitments in respect of aircraft and marine vessels include the lease rental of three aircraft, one of which is currently leased and two which have been committed to during the financial year and are due for delivery in 2020. It also includes lease commitments for eight polar expedition ships within our Expeditions division, six of which are currently being leased, one is due for delivery in 2019, whilst the new polar expedition ship is due for delivery in 2020. The lease contract for this polar cruise ship includes an obligation to acquire the vessel at certain points in time over the lease contract. Also included are 78 boats and 45 vehicles within the Le Boat division and 431 yachts within our Yachts division. A number of the boats and yachts lease contracts contain purchase options at the end of the lease term.

### 33. Capital and other financial commitments

The Group's capital and other financial commitments at 30 September 2018 are as follows:

	30 September 2018 £m	30 September 2017 £m
<b>Total amount payable</b>		
<i>Purchases of property, plant and equipment:</i>		
Aircraft equipment	17.1	-
Yachts	54.6	44.6
Boats	2.4	6.2
<b>Total capital commitments</b>	<b>74.1</b>	<b>50.8</b>
Aircraft charters and service fees	26.6	31.4
Other financial commitments	2.0	0.1
<b>Total financial commitments contracted but not provided for</b>	<b>102.7</b>	<b>82.3</b>

Aircraft charters disclosed in the table above comprise the expected payments for the rental of two planes, for which the contracts do not meet the definition of a lease, since the supplier has the ability to substitute them. The amount has therefore been included in this commitment table to reflect the total non-cancellable commitments due.



**34. Subsidiary undertakings at 30 September 2018**

The Group's consolidated financial statements include the results of the Company, its direct and all of its indirect subsidiaries included in the table below. The Directors consider the book value of the investment in its direct subsidiary to be supported by the higher of underlying net assets and its recoverable value.

Name of Undertaking	Country of incorporation	Registered address	Share class (100% owned unless stated otherwise)
Adventure Transport Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Adventure Travels USA, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Alkor Yat Turizm İşletmeciliği AS	Turkey	Tuzla Mahallesi 556, Sokak No: 6/A, Fethiye, Muğla, Turkey	TRY0.10 Ordinary shares
American Adventures Travel, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Antigua Charter Services Limited	Antigua and Barbuda	Old Parham Road, St Johns.	XCD1.00 Ordinary shares
Brightspark Travel Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
CHS Tour Services Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Connoisseur Belgium BVBA	Belgium	Brugse Vaart 48 8620 Nieuwpoort.	€100.00 Ordinary shares
Crown Blue Line France SA	France	Le Grand Bassin, 11400 Castlenaudary.	€16.00 Ordinary shares
Crown Blue Line GmbH	Germany	Theodor-Heuss-Strasse 53-63B, 61118, Bad Vilbel	€1.00 Ordinary shares
Crown Blue Line Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Crown Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.50 Ordinary shares
Crown Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Educatours Limited	Canada	3280 Bloor Street West, Suite 901, Toronto ON M8X 2X3	CAD1.00 Ordinary shares
EEFC, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$ Common stock shares
Emerald Star Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin1.	€1.25 Ordinary shares
Events International (Sports Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Events International Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Exodus Travels Australia PTY Ltd	Australia	Kovac Advisory Pty Ltd, Level 3, 50 Market Street, Melbourne VIC 3000.	AUD1.00 Ordinary shares
Exodus Travels Canada Inc	Canada	112 Merton Street, Suite 1, ON M4S 2Z8, Canada	CAD1.00 Common shares
Exodus Travels Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Exodus Travels USA, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Common stock shares
Fanatics Sports & Party Tours UK Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Fanatics Sports & Party Tours PTY Limited	Australia	Bradfield Partners Pty Ltd, 323 Princes Highway, Banksia, NSW 2216.	AUD Ordinary shares
Fanfirm PTY Limited	Australia	Bradfield Partners Pty Ltd, 323 Princes Highway, Banksia, NSW 2216.	AUD Ordinary shares
FCM (BVI) Limited	Virgin Islands, British	c/o Belmont Trust Limited, Belmont Chambers, Tropical Isle Bldg, Nibbs Street, Road Town, Tortola, VG1110.	US\$100.00 Ordinary shares
First Travel Group Limited	New Zealand	Moore Stephens Markhams, Auckland, Level 10, 203 Queen Street, Auckland, 1010.	NZD1,180,873.00 Ordinary shares
Francotel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Ger-Moorings LLC	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Gie Uma (53.57% owned)	French Polynesia	Marina Apooliti, No 4443 B, Raiatea, RCS Papette	XPF20,000.00 Ordinary shares
Gullivers Group Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Gullivers Sports Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Hayes & Jarvis (Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Headwater Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares

**TIM Intermediateco Limited**

**Consolidated statement of cash flows for the financial year ended 30 September 2018**

Name of Undertaking	Country of incorporation	Registered address	Share class (100% owned unless stated otherwise)
Hellenic Sailing Holidays SA	Greece	Akti Kondyli 4, Piraeus, 18531	€3.00 Ordinary shares
Hellenic Sailing SA	Greece	Akti Kondyli 4, Piraeus, 18531	€30.00 Ordinary shares
International Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Intrav, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$1.00 Ordinary shares
Le Boat Limited	Canada	1 Jasper Avenue, Smith Falls, Ontario K7A 4B4	NPV Common shares
Le Boat Netherlands BV	Netherlands	De Zwaan 18, 8551 RK, Woudsend.	€1.00 Ordinary shares
Le Piolet SCI	France	Les Menuires, 73440, Saint Martin de Belleville.	€15 2449 Ordinary shares
Les Tours Jumpstreet Tours, Inc	Canada	372 Ste-Catherine West, Suite 411, Montreal Quebec H3B 1A2.	CAD1.00 Ordinary-AA shares CAD1.00 Ordinary-B shares
Mariner Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	NPV Common shares
Mariner International (Grenada) Limited	Grenada	Nos. 4 & 6 Lucas Street, St. George's	XCD1.00 Ordinary shares
Mariner International (UK) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.05 Ordinary shares
Mariner International (USA), Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Mariner International Travel (UK) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.05 Ordinary shares
Mariner International Travel, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.0001 Ordinary shares
Mariner Operations USA, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801.	US\$0.001 Ordinary shares
Mariner Travel GmbH	Germany	Theodor-Heuss-Strasse 53-63B, 61118, Bad Vilbel	DEM1.00 Ordinary shares
Mariner Travel (Malaysia) Sdn Bhd	Malaysia	No. 3, Jalan SS1/15, Kg Tunku Selangor, 47300 Petaling Jaya, Malaysia	RM1.00 Ordinary shares
Manner Travel SARL	France	92 rue de Richelieu, 75002 Paris	€16.00 Ordinary shares
Manner Yacht Services SA	St Martin	Captain Oliver's Marina, Oyster Pond, 97150	€15.00 Ordinary shares
Mariner Yachts (Pty) Limited	South Africa	2nd Floor Marina Centre, Lobby 1, West Quay Road, V&A Waterfront.	ZAR1.00 Ordinary shares
Maxi Yen SL	Spain	Jose Rover Motta, 27, 07006 Palma de Mallorca	ESP1,000.00 Ordinary shares
Molay Travel SARL	France	Le Chateau, 14330, Le Molay Littry.	€1,524.49 Ordinary shares
Molay Travel SCI	France	Le Chateau, 14330, Le Molay Littry.	€15,244,901.6 Ordinary shares
Moorings Grenadine Limited	Saint Vincent and the Grenadines	C/O PO Box 262, Kingstown, St Vincent	XCD Ordinary shares
Moorings Yachting SAS	France	92 Rue de Richelieu, 75002, Paris	€15.00 Ordinary shares
Moorings Yat Isletmeciligi Turizm Ve Ticaret Ltd	Turkey	Karagozler Mah., Fevzi Cakmak Cad, No 24/A Fethiye, Mugla, TURKEY	TRL25,000,000.00 Ordinary shares
MyPlanet Holding A/S	Denmark	P.Hort-Lorenzens Vej 2, DK-8000, Aarhus C.	DKK100.00 Ordinary shares
MyPlanet International A/S	Denmark	Soren Frichs Vej 34A, 8230, Aabyhoj.	DKK1,000.00 Ordinary shares
MyPlanet Sweden AB	Sweden	Kastellgatan 17, 413 07, Goteborg.	SEK100.00 Ordinary shares
Platinum Event Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Porter and Haylett Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Premiere International Corp.	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801.	US\$ Ordinary shares
Prestige Boating Holidays Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin 1	€1.25 Ordinary shares

**TIM Intermediateco Limited**
**Consolidated statement of cash flows for the financial year ended 30 September 2018**

Name of Undertaking	Country of incorporation	Registered address	Share class (100% owned unless stated otherwise)
Quark Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801.	US\$0.01 Common stock shares
SAS The Moorings	French Polynesia	Uturoa, Raiatea, BP 165, French Polynesia	XPF2,000.00 Ordinary shares
Sawadee Amsterdam B.V.	Netherlands	Prins Bernhardplein 200, 1097 JB Amsterdam, AZ Amsterdam.	€10.00 Ordinary shares
Ski Bound Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Skibound France SARL	France	95 rue Derobert, Espace, 73400 Val d'Arly, Uguine.	€15 2449 Ordinary shares
Specialist Holiday Group Ireland Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin1.	€1.25 Ordinary shares
Specialist Holidays (Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Sportsworld Group Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Student City Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Student Skiing Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Studentcity.com, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares of common stock
Sunsail (Antigua) Limited	Antigua and Barbuda	9 Factory Road, St John's.	XCD1.00 Ordinary shares
Sunsail (Australia) PTY Limited	Australia	Suite 201, Level 2, 275 Alfred Street, North Sydney NSW 2060	AUD1.00 Ordinary shares
Sunsail (Seychelles) Limited	Seychelles	KPMG Pool & Patel, La Rosiere, PO Box 117, Victoria, Mahe.	INR100.00 Ordinary shares
Sunsail (Thailand) Co Limited	Thailand	Phuket Boat Lagoon, 20/5 Moo 2, Thepkasattri Road, Koh Kaew, Phuket, 83200.	THB100.00 Ordinary B shares
Sunsail Adriatic d.o.o.	Croatia	Ljudevita Posavskog 4, Split, 21000	HRK38,999,700.00 Ordinary shares
Sunsail Hellas MEPE	Greece	Apollonos 12, P Falirou 17561, Athens.	€30.00 Ordinary shares
Sunsail International BV	Netherlands	Spijksewijk 28b, 4207 GN, Gorinchem	€100.00 Ordinary shares
Sunsail SARL	France	Le Grand Bassin, BP 1201, 11400 Castlensaudary.	€15.00 Ordinary shares
Sunsail Spain SLU	Spain	Marine Naviera Balear, Paseo Marítimo Number 4, 07014 Palma de Mallorca, Spain	€1.00 Ordinary shares
Sunsail Worldwide Sailing (St. Vincent) Limited	Saint Vincent and the Grenadines	The Lagoon Marina & Hotel, Ratho Mill, Box 133, Kingstown, St Vincent	XCD Common shares
Sunsail Worldwide Sailing Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom.	£0.05 Ordinary shares
TCS & Starquest Expeditions, Inc	United States	711 Capitol Way, Suite 204, Olympia WA 98501	US\$ Common stock shares
TCS Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801.	US\$0.01 Ordinary shares
The Moorings (Bahamas) Ltd	Bahamas	C/o Chambers of Allan J Benjamin, Aurora House, Dowdeswell St, Dunmore Lane, Nassau, Bahamas	BSD1.00 Ordinary shares
The Moorings (Seychelles) Ltd	Seychelles	C/O Corporate Registrars (Pty) Ltd, "The Creole Spirit", Quincy Street, PO Box 18, Victoria, Mahe.	SCR100.00 Ordinary shares
The Moorings (St Lucia) Ltd	Saint Lucia	Pointe Seraphine, Castries.	US\$1.00 Ordinary shares
The Moorings Belize Limited	Belize	91 North Front Street, Belize City	BZD10.00 Ordinary shares
The Moorings Doo	Croatia	Ljudevita Posavskog 4, Split, 21000	HRK1.00 Ordinary shares
The Moorings Limited	Virgin Islands, British	Belmont Chambers, P O Box 3443, Road Town, Tortola.	US\$1.00 Ordinary shares
The Moorings Sailing Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TIM Bidco I Limited	United Kingdom	11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom	£1.00 Ordinary shares
TIM Bidco II Corp	United States	Suite 302, 4001 Kennett Pike, Wilmington DE 19807, United States	£1.00 Ordinary shares
TIM Holdco Limited	United Kingdom	11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom	£1.00 Ordinary shares
TIM Midco Limited*	United Kingdom	11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom	£1.00 Ordinary shares
Travco Corporation	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares

**TIM Intermediateco Limited**

**Consolidated statement of cash flows for the financial year ended 30 September 2018**

<b>Name of Undertaking</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Share class (100% owned unless stated otherwise)</b>
Travel Class Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travel Services Europe Spain SL	Spain	Calle Avila 48-50, Atico 1, 08005 Barcelona, Spain	€1.00 Ordinary shares
Travel Turf, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Travelbound European Tours Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelmood Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Adventure Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Central Operations Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Contract Services Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia France S.A.R.L	France	95 rue Derobert, Espace, 73400 Val d'Arly, Ugine	€20.00 Ordinary shares
Travelopia GmbH	Austria	Bösendorferstraße 2/15, 1010, Vienna	Quota NPV shares
Travelopia Holdings (Australia) PTY Limited	Australia	Level 14, 25 Bligh Street, Sydney, NSW, 2000, Australia	AUD1.00 Ordinary shares
Travelopia Holdings Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia USA Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
Trek America Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Trek Investco Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.01 Ordinary shares
TTSS Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TTSS Transportation Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Versun Yachts SA	Greece	Akti Kondyli 4, Piraeus, 18531	€30.00 Ordinary shares
We Love Rugby PTY Limited	Australia	Bradfield Partners Pty Ltd, 323 Princes Highway, BANKSIA NSW 2216	NPV Ordinary shares
Willment Travel Group Limited	New Zealand	110, 15 Murphy Street, Thorndon, Wellington, 6011	NZD Ordinary shares
World Challenge Expeditions (HK) Limited	Hong Kong	Unit 1601, 16/F Malaysia Building, 50 Gloucester Road, Wanchai	HKD1.00 Ordinary shares
World Challenge Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Ordinary shares
World Challenge Expeditions Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
World Challenge Expeditions PTY Ltd	Australia	Level 5, 163 Eastern Road, South Melbourne, VIC 3205	AUD1.00 Ordinary shares
World Challenge NZ Limited	New Zealand	37 Wilkinson Road, Ellerslie, Auckland	NZD1.00 Ordinary shares
Yachts International Limited	Virgin Islands, British	Belmont Chambers, P.O. Box 3443, Road Town, Tortola	US\$0.10 Ordinary shares
Yil, LLC	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$ Ordinary shares
Your Man Tours, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Common stock shares
Zegrahm Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, DE, 19801	US\$0.01 Common stock shares

\* Direct shareholding of the Company

### 35. Related party transactions

Apart from with its own subsidiaries which are included in the consolidated financial statements, the Group, in carrying out its ordinary business activities, maintained direct and indirect relationships with the ultimate controlling party, KKR & Co. Inc, and related parties of KKR & Co. Inc. During the financial year, management fees totalling £1.2m (2017: £0.2m) were paid to KKR & Co. Inc.

In the financial period ended 30 September 2017, a one off fee of £1.7m was paid to KKR Capital Markets Ltd in respect of financial intermediation and debt negotiation services. On completing the acquisition of the Travelopia Group, transaction fees of £7.5m together with re-imbursement of £0.3m of expenses were paid to KKR & Co. Inc.

During the financial year ended 30 September 2018, two key management personnel were provided unsecured loans totalling £1.1m, both of which bear interest at 2.5% per annum. The amounts are being repaid in instalments. At 30 September 2018, the amounts outstanding on these two loans totalled £0.9m. Details of key management compensation is provided in Note 10.

### 36. Audit exemption provided to certain UK Group subsidiaries

The Company is providing certain wholly owned UK subsidiaries (as disclosed in Note 34) and which are included within these Group consolidated financial statements) with guarantees of their respective debts in the form prescribed by Section 479(C) of the Companies Act 2006 ('the Act') such that they can claim exemption from requiring an audit in accordance with Section 479(A) of the Act. These guarantees cover all of the outstanding actual and contingent liabilities of these companies at 30 September 2018:

Subsidiary	Company number
Adventure Transport Limited	5742973
CHS Tour Services Limited	3488873
Crown Blue Line Limited	946385
Crown Holidays Limited	1734244
Events International (Sports Travel) Limited	3258979
Events International Limited	1956764
Fanatics Sports & Party Tours UK Limited	5271017
Mariner International (UK) Limited	2746852
Porter & Haylett Limited	614180
The Moorings Sailing Holidays Limited	1286826
Tim Holdco Limited	10605586
Tim Midco Limited	10605234
Travelopia Adventure Limited	1893401
Travelopia Holdings Limited	5934241
Trek Investco Limited	3769224
TTSS Transportation Limited	4053188

### 37. Post balance sheet events

There have been no materially disclosable post balance sheet events since the year end and up to the date of signing these Group financial statements.

### 38. Contingent liabilities

The Group had 349 yachts in the BVI at the time of Hurricane Irma that were leased and not recognised on the balance sheet. The Group is responsible for repairing or replacing the damaged leased fleet yachts and had insurance policies in place over the full fleet. Consequently the Group has a contingent liability in relation to the cost of replacing lost and repairing damaged yachts, but also a contingent asset in relation to the insurance recovery. Throughout the year and up until the date of signing these consolidated financial statements, the cost of replacing and repairing the yachts, less insurance deductible, has been and is being recovered from the Groups fleet insurers.

### 39. Ultimate parent company and controlling party

The Directors consider the ultimate parent company and controlling party of the Company to be KKR & Co. Inc, (previously named KKR & Co. L.P.) on behalf of the funds under its management. The immediate parent company is Tim Topco Limited, a company incorporated in the Cayman Islands.


**TIM Intermediateco Limited**  
**Company balance sheet as at 30 September 2018**

		30 September 2018	30 September 2017 (restated)
	Note	£m	£m
<b>Non-current assets</b>			
Investments in subsidiary undertakings	B	227.8	227.8
		<b>227.8</b>	<b>227.8</b>
<b>Current assets</b>			
Cash and cash equivalents		14.2	12.2
		<b>14.2</b>	<b>12.2</b>
<b>Total assets</b>		<b>242.0</b>	<b>240.0</b>
<b>Net assets</b>		<b>242.0</b>	<b>240.0</b>
<b>Equity</b>			
Called up share capital	C	26.0	24.0
Share premium account		216.0	216.0
<b>Total equity attributable to equity holders of the parent</b>		<b>242.0</b>	<b>240.0</b>

Details of the restatement to called up share capital and share premium account are included in Note A.

The result after tax for the financial year was £nil (2017: £nil). The notes on page 71 form part of the Company's financial statements.

The financial statements on pages 69 to 71 were approved by the Board of Directors on 14 February 2019 and were signed on its behalf by:

  
**J Metzner**  
**Director**

Company Number: 10604770

**TIM Intermediateco Limited**  
**Company statement of changes in equity at 30 September 2018**

	<b>Called up share capital £m</b>	<b>Share premium account £m</b>	<b>Total equity £m</b>
At incorporation on 7 February 2017	-	-	-
Total comprehensive result for the financial period	-	-	-
<b>Transactions with owners</b>			
Share capital issued (restated)	24.0	216.0	240.0
At 30 September 2017 (restated)	24.0	216.0	240.0
<b>Total comprehensive result for the financial year</b>	-	-	-
<b>Transactions with owners</b>			
Share capital issued	2.0	-	2.0
<b>At 30 September 2018</b>	<b>26.0</b>	<b>216.0</b>	<b>242.0</b>

Details of the restatement to called up share capital and share premium account are included in Note A.

## A. Accounting policies

### Basis of preparation

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements. The Company's financial statements are presented in the Company's presentation currency of Sterling, rounded to the nearest one hundred thousand pounds.

### Restatement of share capital and share premium balances at 30 September 2017

The called up share capital and share premium account balances at 30 September 2017 have been restated to correctly split the previously disclosed value of £240.0m of share capital between the nominal value of the share capital issued (£24.0m) and related share premium (£216.0m). The restatement has no impact on the cash or net assets as at 30 September 2017, nor the result for the financial period then ended.

### Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards and under the historical cost convention. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has taken advantage of section 408 of the Companies Act 2006 not to publish a separate Income Statement and related notes for the Company. The result after tax for the financial year of £nil (2017: £nil) is included within the Company Statement of Changes in Equity.

The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In the parent company financial statements, the Company has applied the exemptions available under FRS 101 in respect of the Cash flow statement disclosures that would have otherwise been applicable.

### Investments

Investments in subsidiaries are stated at cost less provision for impairment.

### Share capital and share premium account

Ordinary shares are classified as equity within shareholders' funds. Cash received in excess of the nominal value of the shares issued is recognised as share premium.

## B. Investments

	Shares in subsidiaries £m
<b>Cost</b>	
At incorporation	-
Additions	227.8
At 30 September 2017	227.8
At 30 September 2018	227.8

The addition in the financial period ended 30 September 2017 related to the Company's investment in TIM Midco Limited as part of the acquisition of the Travelopia Group. There have been no additions, disposals or impairments during the current financial year.

## C. Called up share capital

	30 September 2018 £m	30 September 2017 (restated) £m
<b>Issued and fully paid</b>		
25,999,000 (2017: 23,999,000) ordinary shares of £1 each	26.0	24.0

On 1 June 2018, the Company issued 2,000,000 ordinary shares of £1 each and received cash proceeds of £2.0m.