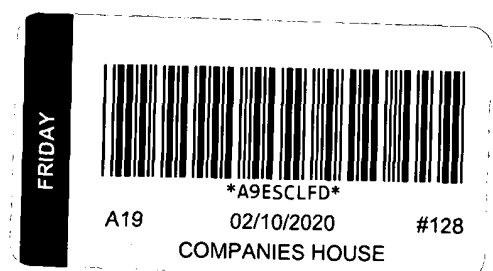


## **On the Beach Beds Limited**

Strategic report, directors' report and  
financial statements

For the year ended 30 September 2019

Registered number 06294605



## Contents

	Page
Officers and advisors	3
Strategic report	4
Directors' report	7
Statement of directors' responsibilities	8
Independent auditors' report to the members of On the Beach Beds Limited	9
Profit & loss account and statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15

**Officers and advisors**

**Secretary and registered office**

Kirsteen Vickerstaff  
Aeroworks  
5 Adair Street  
Manchester  
M1 2NQ

**Auditor**

Ernst & Young LLP  
Chartered  
Accountants  
2 St Peter's Square  
Manchester  
M2 3DF

**Bankers**

Lloyds Bank plc  
40 Spring Gardens  
Manchester  
M2 1EN

## Strategic report

The directors present their annual strategic report and the audited financial statements for On the Beach Beds Limited (the Company) for the year ended 30 September 2019.

### Principal activities

The principal activity of the Company is that of an internet travel agent.

### Business review

*Development and performance of the business:*

The audited financial statements for the year ended 30 September 2019 are set out on pages 11 to 29. On 23 September 2019, Thomas Cook Group plc ("TCG") announced that it had ceased trading and had entered compulsory liquidation. There was a one-off exceptional cost associated with helping customers to organise alternative travel arrangements and lost margin on cancelled bookings (note 1). Revenue decreased by 13.2% on the prior year. The company's profit before tax was £6,100,000 (2018: £7,574,000).

### Strategy and growth

On the Beach Beds continues to be a dynamic, entrepreneurial and ambitious business. We deliver value-for-money beach holidays to our customers that are personalised to their individual needs. We maintain a daily focus to improve the quality of our customer proposition and the value that we provide to our growing customer base.

On the Beach Beds continues to deliver significant growth by evolving a strategy based around the following principles:

1. Investing in talent and technology to extend core capabilities
  - › Continuing to invest in our people and our platform to allow us to innovate at an increasing pace
  - › Investing in our People function to ensure that we drive optimum performance from a growing talent base
  - › Evolving platform capabilities to simplify the integration of further brands
  - › Refreshing company-wide values
2. Personalising our customer experience
  - › Driving an increasingly simplified customer experience
  - › Showing the most relevant product to all site visitors on all devices at the earliest possible opportunity
  - › Enhancing personalisation logic through data science and machine learning
  - › Optimising our multifunctional app to increase customer engagement
3. Leveraging increased revenue through direct and differentiated supply
  - › Building a programme of direct and differentiated supply to leverage margin and gain market share
  - › Building our in-house capability to increase visibility of differentiated product
  - › Leveraging our multi-brand capability to offer a range of distribution options to preferred partners

### Principal risks and uncertainties:

The following risk factors may affect the Company's operating results and its financial position. The risk factors described below are those which the directors believe are potentially significant but should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

The Company operates in a very competitive market. If competitors offer a more compelling proposition, this could have a material adverse effect on the Company's financial position and prospects. New entrants to the market increase competition. The Company has a strong brand and offers a great value proposition to customers as well as flexible payment options. The Company's investment in marketing, talent and its infrastructure means it can compete to attract and convert customers.

### Strategic report (continued)

The Company's costs of sale are incurred in a different currency to that in which it sells. If the currency in which the Company is buying changes unfavourably, this means the margin is uncertain/volatile or the booking could fall into a loss. The Company sets prices at prevailing spot rates and places forward contracts based on orders. Hedge effectiveness and stability of Euro rates is monitored regularly.

The Company's IT platforms must be scalable, robust and reliable. If our systems can't keep up with growing demand, this could affect our ability to deliver growth. The scalability of our platform is a priority for our tech and product teams and we invest heavily in talent and technology in this area.

The commercial risks which may affect the trading performance of the Company include:

- a recession or reduced economic growth can lead to reduced job security and a reduction in consumer leisure spending.
- a weak pound makes holidays and consumer spending abroad more expensive.
- high-profile corporate failures reduces consumer confidence to make 'big ticket' purchases, particularly well in advance.
- terrorist attacks, war/acts of force and civil unrest undermine consumer confidence and cause consumer behaviour to shift suddenly
- continued uncertainty over the Brexit outcome and the resulting economic position

These factors may affect the Company by causing potential customers to cancel or postpone travel plans, reducing the earnings potential of the Company. The Company's ATOL and ABTA bonding, together with its consumer trust account arrangements (where customer monies are held safely in a trust until they travel), provide compelling reasons for customers to trust in the Company over other competitors.

### Key performance indicators

The key performance indicators monitored by the Company are:

	2019	2018
Revenue (£'000)	8,295	9,559
Operating profit margin %	73.5%	79.2%

Key highlights:

- Revenue has decreased by 13.2% in the year as a result of decreased booking volumes due to a difficult general economic climate caused by the prolonged uncertainty regarding Brexit and the related currency impacts.
- Profit before income tax decreased 19.5% on prior year as a result of decreased booking volumes.

### Going concern and post balance sheet events

On the Beach Group covers its daily working capital requirements by means of cash and a Revolving Credit Facility ("RCF").

As at 30 September 2019 cash, excluding cash held in Trust, less RCF drawdown was £54.8m. As has been widely reported, since this date, the travel industry has been significantly impacted by travel restrictions imposed as a result of the COVID-19 pandemic.

As these travel restrictions were imposed, a number of actions were taken immediately to reduce cash costs and protect the financial position of the Group:

- Marketing costs were reduced to almost £nil
- The low deposit offer was reduced on 25 February for new bookings travelling within 120 days to ensure flight costs were covered in full

### Strategic report (report)

- The CEO sacrificed his salary and the remainder of the Board voluntarily agreed to a 20% reduction in salary and fees
- No bonuses are being awarded across the Group in the current financial year
- The Group participated in the Coronavirus Job Retention Scheme, obtained a refund of Corporation Tax paid and deferred both VAT & PAYE payments

In addition, the Group did not declare an interim dividend.

The Group has also taken a number of actions to improve overall liquidity to ensure that it is well placed to operate through the pandemic and to trade once travel restrictions are eased. These actions include:

- Extending the £50m RCF drawdown limit to all months of each year
- Extending the term to December 2023
- Reset of covenant tests for all periods up to and including June 2021
- Agreeing an incremental £25m RCF under the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), expiring in May 2022

On 22 May the Group also issued new shares generating £65m incremental liquidity (net of fees)

The net proceeds from the share placing, together with the revised banking facilities, provides the Group with greater resilience through the current downturn and will enable the Group to exit this extended disruptive period in a strong position.

As reported in the On the Beach Group plc half year results following the share placement at 22 May 2020 the Group had cash, excluding cash held in Trust of £50.5m and access to an unutilised Revolving Credit Facility of £75m.

Where holidays are cancelled as a result of the COVID-19 pandemic, the Group is committed to refunding customers in cash rather than vouchers. These cash refunds are fully funded from the Trust account (where refunds are for hotel and transfer payments) or are due from airlines.

The Directors have modelled a number of scenarios considering factors such as airline and hotelier resilience, employee absence and customer behaviour / demand. As part of this exercise, the Directors modelled what they consider to be a severe downside scenario of no travel or bookings until 1 October 2021. Even in this scenario, the Group would have no requirement to draw down on its current facilities.

Given the assumptions above, and that the Directors are satisfied that the parent undertaking has agreed to support the company if required, the Directors remain confident in their response to the pandemic and will continue to operate in an agile way adapting to any applicable government guidance. Therefore it is considered appropriate to continue to adopt the going concern basis in preparing these financial statements.

By order of the board



**Shaun Morton**  
*Director, On the Beach Beds Limited*  
Aeroworks, 5 Adair Street, Manchester. M1 2NQ  
29/09/2020

## **Directors' report**

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

## **Proposed dividend**

The directors do not recommend the payment of a final dividend (2018: £nil). During the year interim dividends of £nil (2018: £5,000,000) were paid to the Company's parent, On the Beach Travel Limited.

The profit before tax for the financial year is £6,100,000 (2018: £7,574,000).

## **Directors**

The Directors who held office during the year were as follows:

SM Cooper

P Meehan (resigned 17 July 2020)

S Morton (appointed 17 July 2020)

## **Political contributions**

The company made no political contributions (2018: £nil).

## **Research and development**

Research and development work continues to be directed towards the website's ability to deliver effective search results for customers. This requires the developers to undertake continued improvements to the software architecture. Development costs of £412,000 (2018: £304,000) were incurred in year; these costs have been capitalised within intangible assets.

## **Disclosure of information to auditor**

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Auditor**

Following a tender process, Ernst & Young LLP were appointed as the auditor of the Group.

By order of the board



**Shaun Morton**

*Director, On the Beach Beds Limited*

*Aeroworks, 5 Adair Street, Manchester. M1 2NQ*

29/09/2020

## Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ON THE BEACH BEDS LIMITED

### Opinion

We have audited the financial statements of On the Beach Beds Limited for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the 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.

### Emphasis of matter – disclosure of effects of COVID-19

We draw attention to notes 1 and 18 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

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

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

## **Other information**

The other information comprises the information included in the strategic report and directors' report set out on pages 4-7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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 on 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
30/09/2020

**Profit & Loss account**  
for the year ended 30 September 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
<b>Revenue</b>	2		8,295		9,559
Administrative expenses			(2,195)		(1,985)
<i>Analysis of profit from operations</i>					
<b>Operating profit before tax and amortisation</b>		6,367		7,751	
Amortisation		(267)		(177)	
<b>Operating profit</b>	3		6,100		7,574
<b>Profit before income tax</b>			6,100		7,574
Income tax expense	5		(1,183)		(1,459)
<b>Profit for the financial year</b>			<u>4,917</u>		<u>6,115</u>
Other comprehensive income			-		-
<b>Total comprehensive income for the year</b>			<u>4,917</u>		<u>6,115</u>

All amounts relate to continuing operations.

The notes on pages 15 to 29 form part of the financial statements.

## Balance sheet

As at 30 September 2019

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Intangible assets	6	552	407
Property, Plant & Equipment	7	-	-
Deferred tax	11	9	7
		<u>561</u>	<u>414</u>
<b>Current assets</b>			
Trade and other receivables	8	84,829	62,599
Cash at bank		11,592	16,875
Derivative financial instruments	14	-	7
		<u>96,421</u>	<u>79,481</u>
<b>Total assets</b>		<u>96,982</u>	<u>79,895</u>
<b>Creditors - amounts falling due within one year</b>			
Trade and other payables	9	(80,692)	(69,213)
Provisions for liabilities	10	(174)	-
Income tax payable		(1,442)	(1,592)
Derivative financial instruments	14	(667)	-
		<u>(82,975)</u>	<u>(70,805)</u>
<b>Net assets</b>		<u>14,007</u>	<u>9,090</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Retained earnings		13,995	9,078
Reserves		12	12
<b>Total shareholders' funds</b>		<u>14,007</u>	<u>9,090</u>

These financial statements were approved by the board of directors and were signed on its behalf by:



**S Morton**

Director, On the Beach Beds Ltd

Aeroworks, 5 Adair Street, Manchester, M1 2NQ

29/09/2020

## Statement of changes in equity

	Share capital £'000	Reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2017		12	7,963	7,975
Total comprehensive income for the year	-	-	6,115	6,115
Dividends	-	-	(5,000)	(5,000)
Balance at 30 September 2018	-	12	9,078	9,090
Total comprehensive income for the year	-	-	4,917	4,917
Dividends	-	-	-	-
Balance at 30 September 2019	-	12	13,995	14,007

The notes on pages 15 to 29 form part of the financial statements.

## Notes to the financial statements

### 1. Accounting policies

The financial statements of On the Beach Beds Limited for the year ended 30 September 2019 were authorised for issue by the board of directors on 29/09/2020. On The Beach Beds Limited (the "Company") is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 06294605 and the registered address is Aeroworks, 5 Adair Street, Manchester, M1 2NQ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The Company's financial statements are presented in sterling and are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The Company's ultimate parent undertaking, On the Beach Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of On the Beach Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from either Companies House, Crown Way, Cardiff, CF14 3UZ or from the Group's registered office at Aeroworks, 5 Adair Street, Manchester, M1 2NQ.

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

- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).
- Paragraphs 113(a), 114, 115, 118, 119(a)-(c), 1202-127 and 129 of IFRS 15 'Revenue from contracts with customers'

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Critical judgements and estimates in applying the accounting policies***

The Company's accounting policies have been set by management. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future. These are continually evaluated based on historical experience and expectations of future events. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Under FRS 101 estimates or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgement involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

#### ***Critical accounting judgements***

##### **Revenue from contracts with customers**

##### **i) Principal vs Agent**

Determining whether an entity is acting as a principal or as an agent requires judgement and has a significant effect on the timing and amount (gross or net basis) of revenue recognised by the Company. Management have carefully considered the agency status of each of its revenue streams and have concluded that revenue in the Company will continue to be treated as an agent on the basis that the performance obligation is to arrange for another entity to provide the goods or services. This assessment has given consideration that there is no inventory risk and limited discretion in establishing prices. As an agent, revenue is recognised at the point of booking on a net basis.

##### **ii) Performance obligations**

Revenue in the Company is recognised based on there being a single performance obligation at the point of booking. This is to arrange and facilitate the customer entering into individual contracts with principal suppliers providing holiday related services including flights, hotels and transfers.

#### ***Critical accounting estimates***

##### **Thomas Cook Insolvency**

On 23 September 2019, Thomas Cook Group plc announced that it had ceased trading and entered compulsory liquidation. Bound by their terms of business and obligations under the ATOL regulations, the Company has a responsibility to organise alternative travel arrangements or provide a refund to affected customers.

The directors considered a present obligation arising from a past event for which a provision was required. The total outstanding cost of the Company's obligations was £174,000 at year end and has been recognised as a provision (note 10) in the balance sheet.

### Thomas Cook Insolvency (continued)

Determining the amounts to be provided for the remaining bookings involves judgement and is dependent upon a number of assumptions by management including the number of suitable alternative flights for the customer and fluctuations in flight pricing. Sensitivity analysis for these remaining bookings was performed based on various scenarios and the range of resulting losses were not considered to be material on the provision recognised.

As noted in IAS 37, paragraph 53, when some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

There was a one-off exceptional cost associated with helping customers to organise alternative travel arrangements and lost margin on cancelled bookings. An adjustment of £174,000 to revenue represents the lost revenue associated with providing refunds and the costs associated with organising alternative travel arrangements for customers (note 2).

The directors believe that adjusting the income statement for the impact of the TCG failure provides a fair, balanced and understandable view of the Group's underlying performance in the year. The Group organised package holidays for affected customers which included TCG flights. Had these flights not been available at the time of booking, customers would have booked the package with an alternative flight.

#### 1.1 Measurement convention

These financial statements are prepared on the historical cost basis with the exception of the following assets and liabilities which are stated at their fair value: derivative financial instruments.

#### 1.2 Going concern

On the Beach Group covers its daily working capital requirements by means of cash and a Revolving Credit Facility ("RCF").

As at 30 September 2019 cash, excluding cash held in Trust, less RCF drawdown was £54.8m. As has been widely reported, since this date, the travel industry has been significantly impacted by travel restrictions imposed as a result of the COVID-19 pandemic.

As these travel restrictions were imposed, a number of actions were taken immediately to reduce cash costs and protect the financial position of the Group:

- Marketing costs were reduced to almost £nil
- The low deposit offer was reduced on 25 February for new bookings travelling within 120 days to ensure flight costs were covered in full
- The CEO sacrificed his salary and the remainder of the Board voluntarily agreed to a 20% reduction in salary and fees
- No bonuses are being awarded across the Group in the current financial year
- The Group participated in the Coronavirus Job Retention Scheme, obtained a refund of Corporation Tax paid and deferred both VAT & PAYE payments

In addition, the Group did not declare an interim dividend.

The Group has also taken a number of actions to improve overall liquidity to ensure that it is well placed to operate through the pandemic and to trade once travel restrictions are eased. These actions include:

- Extending the £50m RCF drawdown limit to all months of each year
- Extending the term to December 2023
- Reset of covenant tests for all periods up to and including June 2021
- Agreeing an incremental £25m RCF under the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), expiring in May 2022

On 22 May the Group also issued new shares generating £65m incremental liquidity (net of fees)

## **1.2 Going concern (continued)**

The net proceeds from the share placing, together with the revised banking facilities, provides the Group with greater resilience through the current downturn and will enable the Group to exit this extended disruptive period in a strong position.

As reported in the On the Beach Group plc half year results following the share placement at 22 May 2020 the Group had cash, excluding cash held in Trust of £50.5m and access to an unutilised Revolving Credit Facility of £75m.

Where holidays are cancelled as a result of the COVID-19 pandemic, the Group is committed to refunding customers in cash rather than vouchers. These cash refunds are fully funded from the Trust account (where refunds are for hotel and transfer payments) or are due from airlines.

The Directors have modelled a number of scenarios considering factors such as airline and hotelier resilience, employee absence and customer behaviour / demand. As part of this exercise, the Directors modelled what they consider to be a severe downside scenario of no travel or bookings until 1 October 2021. Even in this scenario, the Group would have no requirement to draw down on its current facilities.

Given the assumptions above, and that the Directors are satisfied that the parent undertaking has agreed to support the company if required, the Directors remain confident in their response to the pandemic and will continue to operate in an agile way adapting to any applicable government guidance. Therefore it is considered appropriate to continue to adopt the going concern basis in preparing these financial statements.

## **1.3 New standards, amendments and IFRIC interpretations**

IFRS 9 and IFRS 15 are new accounting standards that are effective from 1 October 2018, the new accounting policies are set out in note 1.5 and 1.12. There was no material impact to the financial statements. There are no other amendments to accounting standards that are effective for the year ended 30 September 2019.

## **1.4 Foreign currency**

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying hedges, which are recognised in other comprehensive income.

## **1.5 Non-derivative financial instruments**

### ***Trade and other receivables***

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

### ***Trade and other payables***

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

## **1.5 Non-derivative financial instruments (continued)**

### ***Cash at bank***

Cash at bank comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## **1.6 Derivative financial instruments and hedging**

The company enters into forward foreign exchange contracts to manage exposure to foreign exchange rate risk. Further details of these derivative financial instruments are disclosed in note 14 of these financial statements.

All derivative financial instruments are assessed against the hedge accounting criteria set out in IFRS 9. On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item. This includes identification of the hedging instrument, the hedged item, the risk management objectives and strategy in understanding the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the respective hedged items attributable to the hedged risk.

Derivatives are initially recognised at the fair value on the date a derivative contract is entered into and are subsequently remeasured at each reporting date at their fair value. The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

## **1.7 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Office equipment: 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

## **1.8 Intangible assets**

### **Research and development**

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

### **Amortisation**

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs: 3 years

## **1.9 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **1.10 Employee benefits**

### **i. Pension scheme**

The Company operates a defined contribution pension scheme. A defined contribution scheme is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the years during which services are rendered by employees.

### **ii. Share-based payment transactions**

Equity-settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the income statement spread over the vesting period. Fair value of the awards are measured using Black-Scholes and Monte Carlo pricing models. The credit side of the entry is recorded in equity.

### 1.11 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### 1.12 Revenue

The Company recognises revenue as an agent. The Company acts as agent when it is not the primary party responsible for providing the components that make up the customers booking and it does not control the components before they are transferred to customers. Revenue comprises the fair value of the consideration received or receivable in the form of commission. Commissions are earned from the supplier or consumer in purchases of travel products such as flight tickets or hotel accommodation from third party suppliers. Commission is recognised when the performance obligation of arranging and facilitating the customer to enter into individual contracts with suppliers is satisfied, usually on delivery of the booking confirmation.

Cancellations are estimated at the reporting date based on the historical profile of cancellations, this is then deducted from revenue.

The Company has agreements with suppliers whereby volume-related rebates are received in connection with the travel arrangements made with the customer. The income received from suppliers relates to an increase in commission received, and as such is considered part of the Company's revenue. The Company has some agreements whereby receipt of the income is conditional on the Company achieving agreed volume targets.

For agreements not linked to volume targets, override income is recognised when earned by the Company, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract, which is usually once the booking has been confirmed with the supplier.

For agreements where volume targets are in place, income is recognised once the target has been achieved. For volume targets which span the year end the Company is required to make estimates in determining the amount and timing of recognition of override. In determining the amount of volume-related allowances recognised in any period, management estimate the probability that the Company will meet contractual target volumes, based on historical and forecast performance.

Amounts due but not yet recovered relating to override income are recognised within trade and other receivables.

### 1.13 Expenses

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.14 Taxation

Income tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on 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; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## 2 Revenue

An analysis of the Company's revenue, all of which is attributable to continuing operations is as follows:

	2019 £'000	2018 £'000
Commissions	8,469	9,559
Impact of TCG	(174)	-
Total revenue	<u>8,295</u>	<u>9,559</u>

## 3 Expenses and auditor's remuneration

	2019 £'000	2018 £'000
<i>Operating profit is stated after charging:</i>		
Depreciation of tangible fixed assets	-	4
Amortisation of other intangible assets	267	177

*Analysis of the auditor's remuneration is as follows:*

Audit fees	<u>4</u>	<u>2</u>
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#### 4 Staff numbers and costs

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

	Number of employees	
	2019	2018
Management and administration	32	32
	<b>32</b>	<b>32</b>

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	1,311	1,059
Social security cost	129	8
Other pension costs	13	101
	<b>1,453</b>	<b>1,168</b>

#### Director's remuneration

The directors of the company received no remuneration from this entity during the year (2018: £nil).

The directors of this company are also directors of other companies within the On the Beach Group and accordingly the cost of their remuneration has been fully incurred by the ultimate parent company. £115,000 (2018: £115,000) of the total cost of this remuneration has been allocated to this company on the basis of their services as directors of each group company.

#### 5 Taxation

	2019 £'000	2018 £'000
<b>Current tax:</b>		
Corporation tax on income for the year	1,163	1,454
Adjustments in respect of prior periods	22	-
<b>Deferred tax (see note 11)</b>		
Origination and reversal of timing differences	(2)	5
<b>Income tax expense</b>	<b>1,183</b>	<b>1,459</b>

Factors affecting the income tax expense for the current year: The current tax charge for the year is in line with (2018: higher) than the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are explained below.

## 5 Taxation (continued)

	2019 £'000	2018 £'000
<i>Tax reconciliation</i>		
Profit before income tax	5,836	7,574
Tax using the current UK corporation tax rate of 19% (2018: 19%)	1,109	1,439
Effects of:		
Expenses not deductible	2	30
Depreciation for the year in excess of capital allowances	-	(10)
Adjustments in respect of prior periods	22	-
<b>Income tax expense</b>	<b>1,132</b>	<b>1,459</b>

The income tax expense for the year is based on the effective rate of UK Corporation tax for the period of 19% (2018: 19%). A reduction in the UK corporation tax rate to 18% (effective 1 April 2020) was substantially enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016.

## 6 Intangible assets

	Website & development Costs £'000	Total £'000
<b>Cost</b>		
At 30 September 2018	753	753
Additions	412	412
<b>At 30 September 2019</b>	<b>1,165</b>	<b>1,165</b>
<b>Accumulated amortisation</b>		
At 30 September 2018	346	346
Amortisation	267	267
<b>At 30 September 2019</b>	<b>613</b>	<b>613</b>
<b>Net book amount</b>		
<b>At 30 September 2019</b>	<b>552</b>	<b>552</b>
At 30 September 2018	407	407

### **Development costs**

Additions in the year relate to the development of software. The amortisation period for website development costs is 3 years straight line. Amortisation has been recognised within operating expenses.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

**7 Tangible fixed assets**

	<b>Office Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost at 30 September 2018 and 30 September 2019</b>	<u>175</u>	<u>175</u>
<b>Depreciation:</b>		
At 30 September 2018	175	175
Charge for the year	<u>-</u>	<u>-</u>
<b>At 30 September 2019</b>	<u>175</u>	<u>175</u>
<b>Net book amount:</b>		
<b>At 30 September 2019</b>	<u>-</u>	<u>-</u>
At 30 September 2018	<u>-</u>	<u>-</u>

**8 Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from group undertakings	79,066	56,447
Other debtors	4,160	4,670
Prepayments	11	14
Other taxes and social securities	<u>1,592</u>	<u>1,468</u>
	<u><b>84,829</b></u>	<u><b>62,599</b></u>

All debtors fall within one year.

**9 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	68,159	60,706
Amounts owed to group undertakings	12,264	8,312
Accruals	<u>269</u>	<u>195</u>
	<u><b>80,692</b></u>	<u><b>69,213</b></u>

All trade payables are expected to be settled within one year.

## 10 Provisions

The £174,000 provision in the current year is in respect of the Thomas Cook Group failure on 23 September 2019. The amount recognised is an estimate of the cost the Company will incur to fulfil its obligations to customers under ATOL regulations to arrange refunds or alternative flights. The obligations were settled post year-end.

## 11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2019 £'000	2018 £'000
Deferred tax assets at beginning of the year	7	12
Credit/(Debit) to the profit and loss for the year	2	(5)
<b>Deferred tax asset at end of the year</b>	<b>9</b>	<b>7</b>

All movements relate to accelerated tax depreciation in the current and prior reporting period.

## 12 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares 1 ordinary share of £1 each	1	1
	<b>1</b>	<b>1</b>

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 13 Commitments

The company has no capital commitments or operating lease commitments at 30 September 2019 (2018:Nil).

## 14 Financial Instruments

### Foreign currency risk management

The majority of the Company's purchases are sources from outside the United Kingdom and as such the Company is exposed to the fluctuation in exchange rates (currencies are principally Sterling, US Dollar, Euro, Swedish Krona and Moroccan Dirham). To the extent that the Company's contracts to purchase services in foreign currency, forward cover is purchased in line with Company guidelines. The Company foreign currency requirement is reviewed three times per week and forward cover is purchased to cover expected usage.

The Company uses forward exchange contracts to hedge its foreign currency risk against sterling. The forward contracts have maturities of less than one year after the balance sheet date.

As a matter of policy the Company does not enter into derivative contracts for speculative purposes. The details of such contracts at the year-end, by currency were:

**14 Financial Instruments (continued)**

EUR		
Foreign currency	Notional Value	Fair value
€'000	£'000	£'000
<b>30 September 2019</b>		
Less than 3 months	32,290	(261)
3 to 6 months	6,615	(53)
6 to 12 months	15,305	(402)
More than 12 months	10	0
<b>Total</b>	<b>54,220</b>	<b>(716)</b>

EUR		
Foreign currency	Notional Value	Fair value
€'000	£'000	£'000
<b>30 September 2018</b>		
Less than 3 months	28,125	69
3 to 6 months	5,800	19
6 to 12 months	13,100	(104)
More than 12 months	250	(2)
<b>Total</b>	<b>47,275</b>	<b>(18)</b>

The average exchange rate on these contracts was €1.108 (2018: €1.122) per £1.

USD		
Foreign currency	Notional Value	Fair value
\$'000	£'000	£'000
<b>30 September 2019</b>		
Less than 3 months	1,150	30
3 to 6 months	605	13
6 to 12 months	290	3
<b>Total</b>	<b>2,045</b>	<b>46</b>
<b>30 September 2018</b>		
Less than 3 months	575	14
3 to 6 months	320	8
6 to 12 months	150	3
<b>Total</b>	<b>1,045</b>	<b>25</b>

The average exchange rate on these contracts was \$1.264 (2018: \$1.345) per £1.

**14 Financial Instruments (continued)**

	<b>MAD</b>		
	<b>Foreign currency</b>	<b>Notional Value</b>	<b>Fair value</b>
	<b>MAD '000</b>	<b>£'000</b>	<b>£'000</b>
<b>30 September 2019</b>			
Less than 3 months	1,800	148	3
3 to 6 months	190	16	0
<b>Total</b>	<b>1,990</b>	<b>164</b>	<b>3</b>
<b>30 September 2018</b>	<b>MAD '000</b>	<b>£'000</b>	<b>£'000</b>
Less than 3 months	1,200	98	0
<b>Total</b>	<b>1,200</b>	<b>98</b>	<b>0</b>

The average exchange rate on these contracts was MAD 12.064 per £1 (2018: 12.312).

**15 Share-based payments**

During the year, share based payment arrangements existed as follows. All options in the plan are equity settled and relate to the equity instruments of On the Beach Group plc.

**LTIP**

Under the LTIP, nil cost options have been granted to certain directors and members of management of On the Beach Beds Limited. Options have been granted each year since financial year 2016 and depend on the Group's performance over a three-year period commencing on the first day of the financial year the options are granted in.

For each of the awards the number of awards that will vest will depend upon the Group's performance over a three-year period. The vesting of 30% of the award will be dependent on the TSR performance of On the Beach Group plc and the vesting of the remaining 70% of the award will be dependent on the satisfaction of earnings per share of On the Beach Group plc at the end of each performance period.

During the year, the Group awarded nil cost options to certain key management within the business. The vesting of these awards will be dependent on EBITDA over a three-year performance period.

**CSOP**

During the prior year and the current year, the Group awarded nil cost options to key employees within On the Beach Beds Limited. The awards will vest after a three-year period and are subject to continued employment, but with no other performance conditions.

**Options outstanding at the year end**

The following table illustrates the number of shares and remaining contractual life of share options at the end of the year. No options were exercised during the year.

**15 Share-based payments (continued)**

	30 September 2019	30 September 2018
Number of options	358,148	166,289
Remaining contractual life	1.7	1.5

All options have an exercise price of £nil (2018: £nil).

**16 Contingent liabilities**

There is a cross-guarantee held between On the Beach Group PLC, On the Beach Limited, On the Beach Beds Limited, On the Beach Travel Limited, On the Beach Topco Limited, On the Beach Bidco Limited and Sunshine.co.uk Limited in relation to balances held with Lloyds Bank PLC. The maximum amount owed during the year was £19.0m (2018: £30.0m) and the amount owed as at 30 September 2019 is £Nil (2018: £Nil).

**17 Ultimate parent company and parent company of larger Company**

On the Beach Beds Ltd, is a wholly owned subsidiary of On the Beach Group PLC, which is the ultimate parent company incorporated in the UK.

The largest and smallest group in which the results of the Company are consolidated is that headed by On the Beach Group PLC, incorporated in the UK. The Groups registered office is located at Aeroworks, 5 Adair Street, Manchester, M1 2NQ. No other group financial statements include the results of the company.

The consolidated financial statements of the group is available to the public and may be obtained from [www.onthebeachgroupplc.com](http://www.onthebeachgroupplc.com).

**18 Events after the end of the reporting period**

In light of COVID-19, the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 30 September 2019, no global pandemic had been declared. Subsequent to the outbreak the travel industry has been significantly impacted by travel restrictions imposed in March 2020 as a result of the COVID-19 pandemic.

As at the balance sheet date, there was no disruption to the Group and the subsequent impact of COVID-19 both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting post balance sheet event and have concluded that no adjustments are therefore required to the financial statements. The directors recognise that the impact on the future profitability of the Group is difficult to estimate but have considered a range of potential cashflow scenarios as described in note 1. The Group has also taken a number of actions to improve overall liquidity to ensure that it is well placed to operate through the pandemic and to trade once travel restrictions are eased. These actions include:

- Extending the £50m RCF drawdown limit to all months of each year and extending the term to December 2023
- Agreeing an incremental £25m RCF under the Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), expiring in May 2022
- On 22 May the Group also issued new shares generating £65m incremental liquidity (net of fees)