

Company Registration No. 06409934 (England and Wales)

SPABREAKS.COM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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SPABREAKS.COM LIMITED

COMPANY INFORMATION

Directors	A Wright A Harding R Marshall
Company number	06409934
Registered office	2nd Floor Clerks Court 18-20 Farringdon Lane London EC1R 3AU
Auditor	Beavis Morgan Audit Limited 82 St John Street London EC1M 4JN

SPABREAKS.COM LIMITED

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SPABREAKS.COM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal Activities

Spabreaks.com Limited's principal activity continues to be the sale of health and leisure based services and hospitality, related to spa breaks and spa days in the UK and overseas.

Fair review of the business

The business continued to perform and delivered a 10th year of gross profit growth maintaining its market leading position as Europe's largest spa experience expert despite challenging market conditions.

Lower consumer confidence in the aftermath of the Brexit referendum vote, weakened Sterling, Presidential change and changes in travel laws in the USA coupled with very poor weather conditions in the company's final quarter did not assist the year on year growth performance of the business. The above factors also affected the broader travel industry during the period:

Total Transaction Value was £20,099,943 (2016: £20,182,960) for the year with an increase in gross profit to £4,623,606 (2016: £4,355,315). Overall bookings increased by 7.8% and passenger numbers increased by 2.5%.

The company's key earnings measure, EBITDA – pre exceptional items was £424,147 (2016: £802,500). EBITDA – pre exceptional is defined as earnings before interest, tax, depreciation and amortisation excluding any exceptional items as set out in note 4.

The business continually strives to make improvements in its customer satisfaction ratings and end to end service levels. Improvements in this area have earned the company a Trustpilot Score of 9.3/10, with 91% of our customers rating us Excellent or Good and who would recommend and book with Spabreaks.com in the future.

Research and development work continues to be directed towards the website's ability to deliver effective search results and improved user experience. This required the developers to continually undertake improvements to the software architecture and technological infrastructure. There was a 78% increase in online bookings and a 95% increase in online total transaction value.

In October 2017, the company opened a new office in Brighton. A number of exceptional costs have been incurred as the company relocated from its existing office in London. The relocation is expected to be fully complete in 2018. The relocation caused disruption as staff were relocated and new staff trained and hired. This resulted in an increase in administrative expenses and loss of productivity during this period.

At 31 December 2017, the company had net assets of £110,197 (2016: net assets £382,763). The cash at bank and in hand was £4,627,040 (2016: £2,642,427).

The company made charitable donations of £4,000 to Breast Cancer Care in this period.

Key Performance Indicators

The key performance indicators for the business are Total Transaction Value, Gross Profit and EBITDA – pre exceptional. These are all discussed above.

SPABREAKS.COM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments

The strategic focus is to continue to drive increased volumes of straight forward transactions online, while continuing to offer high levels of customer service, inspiration and recommendations to bookings via the contact centre.

Post year end the company continues to invest in new opportunities that will further benefit the expansion and long-term growth of the business as well as a strategic focus to augment its earnings. The company has experienced significant increased growth post year end with trading exceeding budget forecasts and new company records achieved.

Principal risks and uncertainties

This section describes the principal risks and uncertainties which may affect the company's business, financial results and strategic objectives.

Financial

The company seeks to manage financial risk including liquidity risk and credit risk. The company's principal financial instruments comprise of bank balances, trade creditors and trade debtors.

Liquidity risk – To maintain liquidity, the company ensures that sufficient funds are available for ongoing operations and future developments. The company uses a mixture of bank balance and related party funding.

Credit risk – The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Credit terms are managed to reduce risk. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Fluctuations in exchange rates

The company is exposed to sudden movements in exchange rates as it has operational costs which are Euro denominated.

Legislative and regulatory risks

The travel industry is heavily regulated. To mitigate the risk the company reports regularly to its external regulators and engage external advisors to ensure compliance with formal regulatory requirements. The company holds all necessary licences to trade in its markets, and holds both ATOL and IATA registrations.

Economic conditions

The company's business can also be affected by macro-economic uncertainty outside of its control such as weakening consumer confidence, political uncertainty, inflationary pressure or currency volatility. This could give rise to adverse pressure on revenue, which the company mitigates through regular monitoring of markets performance.

Environmental risks

The company's business could be affected by the forces of nature (extreme weather, volcanic ash, etc.), terrorism, epidemics, pandemics, acts of terrorism, strike action or closure of a key destination. The business mitigates this risk with processes that are in place, with clear roles and responsibilities to manage significant disruption, and with no significant reliance on a single destination market.

IT system failure

The company is dependent on a number of key IT systems, processes and the internet to operate its business. A loss of critical systems, or access to facilities, could lead to significant disruption and have an adverse reputational, operational and financial impact.

The company has systems, controls and processes in place to ensure that any failure is mitigated and rectified in an efficient manner.

SPABREAKS.COM LIMITED

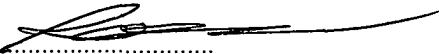
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Risk Management Policies

The Directors of the board do not delegate the responsibility of monitoring financial risk management to a further sub board. The policies set by the Board of Directors are actioned by the Finance Director and the Finance department, and are in place to mitigate all main risks to the business. These policies are summarised accurately in the principal risks and uncertainties.

On behalf of the board



R Marshall

Director

24/08/2018

SPABREAKS.COM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Directors

The following directors have held office since 1 January 2017.

A Wright
A Harding
R Marshall

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £240,001 (2016: £261,001). The directors do not recommend payment of a further dividend.

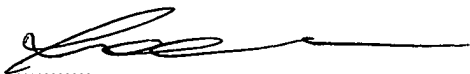
Auditor

Beavis Morgan Audit Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

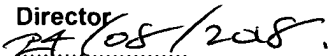
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



R Marshall

Director



SPABREAKS.COM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

SPABREAKS.COM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPABREAKS.COM LIMITED

Opinion

We have audited the financial statements of Spabreaks.com Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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. 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.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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 our audit:

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

SPABREAKS.COM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPABREAKS.COM LIMITED

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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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, 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: <http://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.


Matthew Burge (Senior Statutory Auditor)
for and on behalf of Beavis Morgan Audit Limited

Chartered Accountants
Statutory Auditor


31 August 2018

82 St John Street
London
EC1M 4JN

SPABREAKS.COM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	as restated £
Total Transaction Value		20,099,943	20,182,960
Turnover	3	5,229,974	11,680,915
Cost of sales		(606,368)	(7,325,600)
Gross profit		4,623,606	4,355,315
Administrative expenses		(4,694,462)	(3,953,423)
Exceptional items	4	(85,836)	-
Operating (loss)/profit	5	(156,692)	401,892
Interest receivable and similar income	8	977	-
(Loss)/profit before taxation		(155,715)	401,892
Taxation	9	123,150	47,932
(Loss)/profit for the financial year		(32,565)	449,824

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

SPABREAKS.COM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	11	206,350		320,746	
Tangible assets	12	1,242,794		1,096,475	
Investments	13	6		6	
		<u>1,449,150</u>		<u>1,417,227</u>	
Current assets					
Stocks		17,513		-	
Debtors	15	3,895,307		2,990,958	
Cash at bank and in hand		4,627,040		2,642,427	
		<u>8,539,860</u>		<u>5,633,385</u>	
Creditors: amounts falling due within one year	16	<u>(9,855,045)</u>		<u>(6,667,849)</u>	
Net current liabilities			(1,315,185)		(1,034,464)
Total assets less current liabilities			<u>133,965</u>		<u>382,763</u>
Provisions for liabilities	17		(23,768)		-
Net assets			<u>110,197</u>		<u>382,763</u>
Capital and reserves					
Called up share capital	20	30,000		30,000	
Share premium account		9,527		9,527	
Profit and loss reserves		70,670		343,236	
Total equity			<u>110,197</u>		<u>382,763</u>

The financial statements were approved by the board of directors and authorised for issue on 24/08/2018 and are signed on its behalf by:



R Marshall
Director

Company Registration No. 06409934

SPABREAKS.COM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 January 2016		30,000	-	14,477	154,413	198,890
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	449,824	449,824
Dividends	10	-	-	-	(261,001)	(261,001)
Other movements		-	9,527	(14,477)	-	(4,950)
Balance at 31 December 2016		30,000	9,527	-	343,236	382,763
Year ended 31 December 2017:						
Loss and total comprehensive income for the year		-	-	-	(32,565)	(32,565)
Dividends	10	-	-	-	(240,001)	(240,001)
Balance at 31 December 2017		30,000	9,527	-	70,670	110,197

SPABREAKS.COM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24	2,818,137		279,765	
Income taxes (paid)/refunded		(17,444)		34,876	
Net cash inflow from operating activities		<u>2,800,693</u>		<u>314,641</u>	
Investing activities					
Proceeds on disposal of intangibles		-	22,440		
Purchase of tangible fixed assets		(526,926)	(428,067)		
(Advances to)/repayments from related parties		(50,130)	88,237		
Interest received		977	-		
Net cash used in investing activities		<u>(576,079)</u>		<u>(317,390)</u>	
Financing activities					
Dividends paid		(240,001)	(261,001)		
Net cash used in financing activities		<u>(240,001)</u>		<u>(261,001)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>1,984,613</u>		<u>(263,750)</u>	
Cash and cash equivalents at beginning of year		<u>2,642,427</u>		<u>2,906,177</u>	
Cash and cash equivalents at end of year		<u><u>4,627,040</u></u>		<u><u>2,642,427</u></u>	

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Spabreaks.com Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, Clerks Court, 18-20 Farringdon Lane, London, EC1R 3AU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company meets its day-to-day working capital requirement by systematically managing the company's cash outflow and level of cash on a daily basis. This is also achieved through the strong relationship that the company has established with its creditors with regard to settlement terms.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Total transaction value ("TTV") represents gross bookings excluding other income and does not represent the company's statutory turnover. Where the company acts as an agent, TTV represents the price at which the bookings have been sold.

Turnover can also include supplier overrides and credit card surcharge income which is recognised over the year to which it relates.

Turnover represents amounts received in respect of the provision of spa related services and hospitality. From May 2016 Spabreaks.com Limited only offered agency services and so in the current year turnover represents commissions earned on spa related serviced and hospitality. The prior year consists of minimal principal sales.

Commission is recognised as earned on a booking date basis but is amendable until the travel date. Turnover also includes an estimated downsizing provision for any adjustments made after the booking date and before the departure date which affects the original booking value and commission receivable. The cost of sales element to these bookings are included in the cost of sales provision and accrued for in order to reflect margin achieved by the company in the financial statements.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Amortisation is recognised as an administrative expense. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Customer database	20% straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	straight line over fifteen years
Fixtures, fittings and equipment	between five and fifteen years
Software and website development	over five years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, which include creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.16 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.17 Research and Development

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company intends to 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 product of new or substantially improved products, processes and overall user experience. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. These would be in respect of assessing the useful lives of both tangible and intangible assets, depreciation and provisions against unpaid liabilities, downsizing provisions with regards to future travel and breakage.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Income from the rendering of services	5,229,974	11,680,915
	<u> </u>	<u> </u>
	2017 £	2016 £
Other revenue		
Interest income	977	-
	<u> </u>	<u> </u>

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Exceptional costs

	2017 £	2016 £
Opening of Brighton office	85,836	-

Exceptional items relate to costs incurred as a result of opening a new office based in Brighton. Such costs include relocation, various travel and accommodation expenses, rent, rates, service charge expenses paid twice as a result of overlapping rent periods and other IT consumables.

5 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	239	10,334
Fees payable to the company's auditor	18,375	17,500
Depreciation of owned tangible fixed assets	380,607	286,212
Amortisation of intangible assets	114,396	114,396

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administrative and sales	85	73

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,475,737	2,080,668
Social security costs	213,865	195,624
Pension costs	12,678	12,932
	2,702,280	2,289,224

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	128,750	87,750

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	718	-
Other interest income	259	-
	<u>977</u>	<u>-</u>
Total income	<u>977</u>	<u>-</u>

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	(49,132)	(13,285)
Adjustments in respect of prior periods	(97,786)	(34,647)
	<u>(146,918)</u>	<u>(47,932)</u>
Total current tax	<u>(146,918)</u>	<u>(47,932)</u>
Deferred tax		
Origination and reversal of timing differences	23,768	-
	<u>23,768</u>	<u>-</u>
Total tax credit	<u>(123,150)</u>	<u>(47,932)</u>

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
(Loss)/profit before taxation	<u>(155,715)</u>	<u>401,892</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(29,975)	80,378
Tax effect of non deductible expenses	4,804	1,929
Adjustments in respect of prior years	(13,285)	(34,647)
Capital allowances	(59,452)	(75,961)
Depreciation and amortisation on assets	51,248	57,243
Research and Development tax relief	(76,490)	(76,874)
	<u>(123,150)</u>	<u>(47,932)</u>
Taxation credit for the year	<u>(123,150)</u>	<u>(47,932)</u>

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Dividends

	2017 £	2016 £
Paid	240,001	261,001

11 Intangible fixed assets

	Customer database £
Cost	
At 1 January 2017 and 31 December 2017	549,539
Amortisation and impairment	
At 1 January 2017	228,793
Amortisation charged for the year	114,396
At 31 December 2017	343,189
Carrying amount	
At 31 December 2017	206,350
At 31 December 2016	320,746

12 Tangible fixed assets

	Land and buildings £	Fixtures, fittings and equipment £	Software and website development £	Total £
Cost				
At 1 January 2017	238,950	76,597	1,562,884	1,878,431
Additions	-	118,912	408,014	526,926
At 31 December 2017	238,950	195,509	1,970,898	2,405,357
Depreciation and impairment				
At 1 January 2017	43,807	29,065	709,084	781,956
Depreciation charged in the year	15,930	11,899	352,778	380,607
At 31 December 2017	59,737	40,964	1,061,862	1,162,563
Carrying amount				
At 31 December 2017	179,213	154,545	909,036	1,242,794
At 31 December 2016	195,143	47,532	853,800	1,096,475

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	6	6

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 & 31 December 2017	6
Carrying amount	
At 31 December 2017	6
At 31 December 2016	6

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Spabreak UK Limited	Clerks Court, 18-20 Farringdon Lane, London, EC1R 3AU	Dormant	Ordinary	100	
Spabreaks Limited	Clerks Court, 18-20 Farringdon Lane, London, EC1R 3AU	Dormant	Ordinary	100	
Sportbreak Limited	Clerks Court, 18-20 Farringdon Lane, London, EC1R 3AU	Dormant	Ordinary	100	

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	728,971	781,201
Corporation tax recoverable	177,647	13,285
Other debtors	2,906,684	1,976,933
Prepayments and accrued income	82,005	219,539
	<u>3,895,307</u>	<u>2,990,958</u>

16 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,135,577	1,564,718
Other taxation and social security	286,060	315,302
Other creditors	3,204,677	282,686
Accruals and deferred income	5,228,731	4,505,143
	<u>9,855,045</u>	<u>6,667,849</u>

17 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	18	<u>23,768</u>	<u>-</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2017	2016
	£	£
Balances:		
Accelerated Capital Allowances	<u>23,768</u>	<u>-</u>
		2017
		£
Movements in the year:		
Liability at 1 January 2017		-
Charge to profit or loss		23,768
Liability at 31 December 2017		<u>23,768</u>

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	12,678	12,932

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
28,500 Ordinary Shares of £1 each	28,500	28,500
1,500 Ordinary B Shares of £1 each	1,500	1,500
	30,000	30,000

The company has two classes of ordinary shares which carry no right to fixed income.

21 Financial commitments, guarantees and contingent liabilities

At the balance sheet date, a cross guarantee existed between Spabreaks.com Limited, Your Golf Travel Limited and other related companies over the banking facilities of the companies.

22 Events after the reporting date

On 7 February 2018, the company granted 3,468 share options to its employees under an employee management incentive scheme. All share options have an exercise price of £11.20 and a contract life of 10 years. All share options are exercisable at any time after the vesting period. At the date of the directors' report, 670 of these share options had lapsed.

In October 2017, the company opened a new office in Brighton. A number of exceptional costs (£85,836) have been incurred as the company relocates from its current office in London. The company will continue to pay rent at two locations until the relocation is fully completed, which is expected to continue until October 2018.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23 Related party transactions

During the year, the company paid £958,517 (2016: £646,017) to Your Golf Travel Limited, a related party by virtue of having common directors and shareholders. This related to management charges in respect of staff costs, IT support, website development, rent, service charges and office costs. Your Golf Travel Limited also paid other expenses amounting to £351,802 (2016: £337,518) on behalf of Spabreaks.com Limited. At the year end, the company owed £3,108,517 to (2016: £1,232,347 - the company was owed by) Your Golf Travel Limited.

At the balance sheet date, Cloisters Court Limited, a company in which A J Harding and R Marshall are directors and shareholders, owed the company £1,131,468 (2016: £nil).

During the year, the company paid £43,324 (2016: £421,387) of expenses on behalf of Racingbreaks.com Limited, a company in which R Marshall is the sole director and major shareholder. At the balance sheet date, Racingbreaks.com Limited owed the company £1,394,113 (2016: £706,257).

At the balance sheet date, Palatinat Thoroughbred Racing Limited, a company in which R Marshall is the sole director and major shareholder, owed the company £199,713 (2016: £38,000).

At the balance sheet date, Palatinat Pension Scheme, a related party by virtue of common control, owed the company £35,200 (2016: £nil).

During the year, Outofficedotcom Limited, a company in which A J Harding and R Marshall are directors and shareholders paid expenses of £8,726 (2016: £nil) on behalf of the company. At the balance sheet date, the company owed £nil (2016: £68,973) to Outofficedotcom Limited.

At the balance sheet date, Love Velo Limited, a company in which A J Harding and R Marshall are directors and shareholders, owed the company £32,576 (2016: £59).

At the balance sheet date, Globalmedia Limited, a company in which A Marshall (R Marshall's mother) is the sole director and shareholder, owed the company £36,066 (2016: £nil).

At the balance sheet date, Your Golf Travel Inc, a related party by virtue of common control, owed the company £27,418 (2016: £nil).

During the year, advances of £80,000 (2016: £75,000), £200,000 (2016: £75,000) and £37,895 (2016: £65,000) were made to A J Harding, R Marshall and A Wright respectively who are directors of the company, and were settled by dividends paid during the year. No interest has been charged on the loans. At the balance sheet date, A J Harding and A Wright were owed £20,010 (2016: £8,821), and £5,211 (2016: £5,211) by the company respectively. At the balance sheet date R Marshall owed the company £50,129 (2016: £8,681 was owed).

During the year, £12,000 (2016: £9,000) was paid to Eric Harding, in relation to services provided for non executive director duties.

SPABREAKS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Cash generated from operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(32,565)	449,824
Adjustments for:		
Taxation credited	(123,150)	(47,932)
Investment income	(977)	-
Amortisation and impairment of intangible assets	114,396	114,396
Depreciation and impairment of tangible fixed assets	380,607	286,212
Movements in working capital:		
Increase in stocks	(17,513)	-
Decrease in debtors	239,894	13,906
Increase in creditors	145,145	904,288
Increase/(decrease) in net related party balances	2,112,300	(1,440,929)
Cash generated from operations	2,818,137	279,765

25 Prior period adjustment

Changes to the profit and loss account

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Cost of sales	(6,972,119)	(353,481)	(7,325,600)
Administrative expenses	(4,306,904)	353,481	(3,953,423)
	<u> </u>	<u> </u>	<u> </u>
Profit for the financial period	449,824	-	449,824
	<u> </u>	<u> </u>	<u> </u>

The prior year adjustment relates to the reclassification of advertising expenses from administrative expenses to cost of sales.