Company Registration No. 01524302

KEY TRAVEL LIMITED

Annual Report and Financial Statements
For the year ended 30 September 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 September 2018

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P S Knudson (resigned 10 November 2017)
A R W Davis
S Hammad (appointed 10 November 2017)
P S Knudson (resigned 10 November 2017)

COMPANY SECRETARY

A R W Davis

REGISTERED OFFICE

First Floor
28-32 Britannia Street
London
WC1X 9JF

BANKER

Lloyds Bank Plc

AUDITOR

RSM UK Audit LLP
Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT

The mission of the company is to manage travel complexity and expense for the humanitarian, faith and education sectors, maximising the impact of those who do good in the world. The company's commitment to innovation has helped its customers to manage these often unique travel challenges for over 35 years.

REVIEW OF BUSINESS

Gross sales continues to grow with an increase on the prior year of 19.2% (2017: 9.4%) to £149.6 million (2017: £125.5 million), whilst maintaining a strong turnover as a percentage of gross sales of 9.8% (2017: 9.9%).

While the UK market remains competitive the company has further demonstrated its ability to win new business with some notable customer acquisitions in both the Academic and Non-Governmental Organisation (NGO) sectors, including the largest contract award in the company's history. Alongside the new wins, the company successfully retained key customers as they came up for retender.

The directors report EBITDA of £3.0 million (2017: £2.8 million) and a profit before tax for the year ended 30 September 2018 of £2.5 million (2017: £2.4 million).

EBITDA increased by 8.1% (2017: 19.8%) driven by the turnover growth across all areas. Management continue to invest in high quality staff to support the growth of the business with average headcount increasing by 27 (2017: increased by 17).

Net assets increased by 6% (2017: 3%) due to continued profitability and a focus on working capital management.

The company has continued to invest in its systems and online booking capabilities to develop its customer service offering. As a result of this ongoing focus, spend on software development in 2018 was £1.2million (2017: £1million). The continued investment in the online platform is reflected in the growth in online adoption by existing customers and the significant contribution of the online platform in winning new customer tenders.

The company monitors trading and its cash position on a daily basis and regularly undertakes in-depth reviews of the company's margins, profitability and Key Performance Indicators. The business model is built on customer satisfaction and, as such, reviews of the customer service provided by each operations team are undertaken weekly.

The company focuses on best practice throughout the organisation and has the following certifications in place: ISO 9001 Quality, ISO 14001 Environmental, ISO 27001 Information Security Management, PCI DSS Compliance and Cyber Essentials. The company has also maintained its Investors in People Award – a mark of excellence for championing best practice initiatives that drive high performance through the company's employees.

KEY PERFORMANCE INDICATORS (KPIs)

The following KPIs, which can be derived directly from the financial statements, are used by the directors on a monthly basis to review the performance of the business.

	2018 £'000	2017 £'000
Gross sales	149,624	125,484
Turnover	14,678	12,466
EBITDA	3,012	2,787
Profit Before Tax	2,543	2,410
Average staff numbers	264	237

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Business risk

The company operates in a highly competitive market and is not immune to worldwide economic events or travel disruption arising from world events or natural disasters, such as the ongoing unrest in the Middle East and various terrorist incidents during the year. This risk is mitigated by maintaining a highly diversified customer base which ensures the destinations to which the company's customers travel are also diverse. The company's focus is to deliver continued customer satisfaction and maintain a loyal customer base.

On the 29 March 2017, the United Kingdom invoked Article 50 of the Treaty of Lisbon, beginning the process of withdrawing from the European Union (Brexit).. As a company that is part of a Group that operates internationally and across many European countries there is a potential future risk from the impact of Brexit on the business. The extent of this risk is dependent on the outcome of ongoing negotiations around the UK's exit from the European Union and the exact deal agreed but, the company and the wider Group are experienced at operating across different legislative environments and will continue to monitor the outcome of negotiations, taking necessary steps to mitigate any risks arising. The company does not currently foresee any significant impact on the business as a result of the Brexit process.

Credit risk

The company's policy is to assess the status of its customers before accepting any credit exposure and to monitor the credit-worthiness of its existing customers on a regular basis. This policy has been applied throughout the year covered by these financial statements. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Trade debtors and other receivables include amounts arising on the settlement of transactions entered into by the company's customers with respect to which the company is acting as agent. The majority of these balances are due for settlement twice a month.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

The company meets its day to day working capital requirements through on demand cash deposits, credit card facilities, an overdraft facility of £3.0 million and a revolving credit facility of £3.0 million which are part of the Group-wide financing structure, headed by the company's ultimate parent company Sasa Topco Limited.

Information security risk

Loss of the IT network or the data held within it could result in significant reputational and financial damage. The company has specialist in house IT resource with the required skills and experience in maintaining and monitoring the IT infrastructure. Business data is regularly backed up and stored in a secure location and e:mail and internet filtering technology and firewall software is in place to restrict the impact of any attempted cyber-attacks. Disaster recovery plans are in place and these are reviewed regularly to ensure they remain appropriate for the size of the company.

FUTURE DEVELOPMENTS

The company has defined its strategic direction over the next 5 years and will continue to invest in people and enhancements to its technology platform to maintain and improve the customer experience delivered.

Post year end; the Key Travel Group acquired Raptim Humanitarian Travel, headquartered in the Netherlands, to form the world's largest travel management company exclusively focused on the academic, humanitarian and faith sectors.

Approved by the Board of Directors on 31 January 2019 and signed on behalf of the Board by:

A R W Davis
Director

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 September 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of managing the travel of non-profit organisations.

DIVIDENDS

An interim dividend of £1.9 million (£19.00 per ordinary share) was paid on 30 September 2018 to ordinary shareholders for the year ended 30 September 2018 (2017: an interim dividend of £1.775 million (£17.75 per ordinary share) was paid on 30 September 2017 to ordinary shareholders for the year ended 30 September 2017). The directors do not recommend the payment of a final dividend (2017: same).

FUTURE DEVELOPMENTS

Details on future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

DIRECTORS

The present directors of the company, who served throughout the year and thereafter unless otherwise stated, are set out on page 1.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made on 31 July 2013 and remain in force at the date of this report.

FINANCIAL RISK MANAGEMENT

The company does not actively use financial instruments as part of its financial risk management. The impact of any foreign currency transactions is considered to be immaterial. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages the risk through strong credit control procedures. The company does not have any significant external long term borrowings and therefore is not exposed to interest rate risk.

GOVERNANCE OF TAX MATTERS

All transactions undertaken by the company have a business purpose and a commercial rationale. The company does not engage in aggressive tax planning and does not implement structures purely for tax planning purposes. In relation to tax compliance, it is the policy of the company to comply fully with all of the applicable tax rules, regulations and disclosure requirements in all territories in which it operates; submit all tax returns by their due dates in line with local laws; and pay all applicable taxes as they fall due. The company uses appropriately qualified and trained employees to look after the company's tax affairs and uses external advisors as appropriate.

ENVIRONMENTAL MATTERS

The company manages its impact on the environment through compliance with the ISO14001 standard. Customers are provided with a full suite of carbon reports and engaged in support of carbon offsetting initiatives including reforestation projects. In addition, the company operates an internal policy of recycling and minimisation of impact on the environment.

GOING CONCERN

The directors have a strong 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 in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT

On 13 August 2018, RSM UK Audit LLP were appointed as auditors. RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors on 31 January 2019 and signed on behalf of the Board by:

A R W Davis
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 DIRECTORS OF KEY TRAVEL LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Key Travel Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the annual report, 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 our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF KEY TRAVEL LIMITED

- the strategic report and the 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 and the 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

RSM UK AUDIT LLP

IAN TAYLOR (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
Date 7 FEBRUARY 2019

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 20178

	Note	2018 £'000	2017 £'000
GROSS SALES	1	149,624	125,484
TURNOVER	3	14,678	12,466
Administrative expenses		(12,137)	(10,056)
OPERATING PROFIT		2,541	2,410
Finance costs (net)	4	2	-
PROFIT BEFORE TAXATION	5	2,543	2,410
Tax on profit	7	100	(316)
PROFIT FOR THE FINANCIAL YEAR		2,643	2,094

All results are derived from continuing operations.

STATEMENT OF OTHER COMPREHENSIVE INCOME

The company has no recognised gains or losses other than the profit for the current and prior years as shown above. Accordingly no separate statement of comprehensive income has been prepared.

BALANCE SHEET
As at 30 September 2018

	Note	£'000	2018 £'000	£'000	2017 £'000
FIXED ASSETS					
Goodwill	9		281		299
Intangible assets	9		2,606		1,561
Tangible assets	10		616		548
Investments	11		1,233		1,232
			4,736		3,640
CURRENT ASSETS					
Debtors	12	22,680		18,110	
Cash at bank and in hand		1,725		3,705	
		24,405		21,815	
CREDITORS					
Amounts falling due within one year	13	(16,030)		(12,902)	
NET CURRENT ASSETS			8,375		8,913
TOTAL ASSETS LESS CURRENT LIABILITIES			13,111		12,553
CREDITORS					
Amounts falling due after more than one year	14		(420)		(536)
PROVISION FOR LIABILITIES	15		(28)		(97)
NET ASSETS			12,663		11,920
CAPITAL AND RESERVES					
Called-up share capital	16		100		100
Profit and loss account	16		12,563		11,820
SHAREHOLDER'S FUNDS			12,663		11,920

The financial statements of Key Travel Limited, registered number 01524302, were approved and authorised for issue by the Board of Directors on 31 January 2019. They were signed on its behalf by:

A R W Davis
Director

STATEMENT OF CHANGES IN EQUITY
As at 30 September 20178

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2016	100	11,501	11,601
Profit and total comprehensive income for the financial year	-	2,094	2,094
Dividends paid on equity shares (see note 8)	-	(1,775)	(1,775)
At 30 September 2017	100	11,820	11,920
Profit and total comprehensive income for the financial year	-	2,643	2,643
Dividends paid on equity shares (see note 8)	-	(1,900)	(1,900)
At 30 September 2018	100	12,563	12,663

CASH FLOW STATEMENT
For the year ended 30 September 2018

	Note	2018 £'000	2017 £'000
Net cash flows from operating activities	17	(409)	152
Cash flows from investing activities			
Purchase of tangible assets		(368)	(281)
Purchase of intangible assets		(1,199)	(1,041)
Acquisition of subsidiary		(1)	-
Interest received		2	1
Net cash flows from investing activities		(1,566)	(1,321)
Cash flows from financing activities			
Repayments of obligations under finance lease		(5)	(6)
Bank interest and other similar charges		-	(1)
Net cash flows from financing activities		(5)	(7)
Net (decrease)/increase in cash and cash equivalents		(1,980)	(1,176)
Cash and cash equivalents at beginning of year		3,705	4,881
Cash and cash equivalents at end of year		1,725	3,705

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 20178

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Key Travel Limited is a private company, limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102') and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Key Travel Holdings Limited. Exemptions have been taken in these separate company financial statements in relation to financial instruments and remuneration of key management personnel.

The company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The company meets its day to day working capital requirements through on demand cash deposits, an overdraft facility of 3.0 million and a revolving credit facility of £3.0 million which are part of the Group-wide financing structure, headed by the company's ultimate parent company Sasa Topco Limited, and are all due for renewal in 2024. The current economic conditions create uncertainty particularly over the level of demand for the company's services and the availability of bank finance in the foreseeable future.

The company and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and Group should be able to operate within the level of its current facility. The directors monitor performance and position against the covenants imposed on the Group-wide facilities on a regular basis and the Group's forecasts confirm expected compliance with those covenants. The directors have a strong 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.

c. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years from the adoption of FRS 102. Provision is made for any impairment. The company's goodwill has arisen principally from the acquisition of A and V Kanaris (Travel) Limited and Ben Lawries Travel Limited.

d. Intangible assets – other

Other intangible assets relate to software and are initially recorded at purchase price plus directly attributable costs. Internal payroll costs of the company's own employees are only capitalised if they are directly attributable to the asset. The asset is amortised once the asset is available for use, over four years. Provision is made for any impairment. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

1. ACCOUNTING POLICIES (continued)

e. *Tangible fixed assets*

Tangible fixed assets are initially recorded at purchase price plus directly attributable costs.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	straight line over period of lease
Software and hardware	25% straight line method
Fixtures and fittings	20% to 33% straight line method

f. *Financial instruments*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

g. *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGU) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU and then to other assets within that CGU on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

1. ACCOUNTING POLICIES (continued)

h. Impairment of assets (continued)

Non-financial assets (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j. Turnover

The company acts as a disclosed agent and turnover is recorded as the margin earned, excluding VAT. The company recognises turnover at the time the reservation is ticketed. The customer generally does not have the ability to cancel tickets or obtain refunds after ticketing, unless all amounts repayable to the customer have been received from the supplier. In cases where customers have the ability to cancel and obtain refunds after ticketing, the company is able to estimate its refund obligations and such obligations are accounted for.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

1. ACCOUNTING POLICIES (continued)

k. Gross sales

Gross sales (also known as 'Total Transaction Value') is a memorandum disclosure and represents the total transaction value, excluding VAT, of all the services rendered and hence includes the total amount paid by customers for services provided by the company. The company reports the total transaction value since the directors believe that it reflects more accurately the cash flows within the company. It is also a widely used measure of company size within the travel sector.

l. Employee benefits

The company provides access to stakeholder pension schemes for employees and also operates defined contribution retirement benefit schemes for all qualifying employees. The pension charge in the profit and loss account (disclosed in note 6) represents the amounts payable by the company to these pension schemes in respect of the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

n. Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

o. Related party transactions

The company has taken advantage of the Section 33 FRS 102 exemption not to disclose transactions with other wholly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

No material critical judgements have been made by the directors in the process of applying the company's accounting policies.

Key source of estimation uncertainty

No key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been identified by the directors.

3. TURNOVER

Turnover is attributable to one class of business; the provision of travel agent services. All turnover arose within the United Kingdom.

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

	2018 £'000	2017 £'000
Rendering of services	14,678	12,466

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

4. FINANCE COSTS (NET)

	2018 £'000	2017 £'000
Interest payable and similar charges	-	1
Less: Investment income	(2)	(1)
	(2)	-

Interest payable and similar charges	2018 £'000	2017 £'000
Bank interest and other similar charges	-	1
	-	1

Investment income	2018 £'000	2017 £'000
Bank interest	2	1
	2	1

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after (crediting)/charging:

	2018 £'000	2017 £'000
Other income	(497)	(412)
Depreciation of tangible fixed assets	294	264
Depreciation of assets on finance leases	5	6
Amortisation of goodwill	18	18
Amortisation of other intangible assets	154	89
Loss on disposal of tangible fixed assets	1	22
Operating lease rentals - land and buildings	390	360
Foreign exchange losses/(gains)	3	13

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

5. PROFIT BEFORE TAXATION (continued)

Other income is receivable from other Key Travel Group companies for their use of the company's IT systems and platforms, the Key Travel brand and certain staff who are employed by Key Travel Limited.

Amortisation of intangible assets is included in administrative expenses.

Auditor's remuneration

Fees payable to RSM UK Audit LLP for the audit of the company's annual accounts were £19,000 (2017 – Deloitte LLP: £11,000).

Other services pursuant to legislation	3	5
Tax compliance services	5	14
Advisory services	4	-
Total non-audit fees	12	19

No services were provided pursuant to contingent fee arrangements.

6. STAFF NUMBERS AND COSTS

The average monthly number of employees (including executive directors) was:

	2018 No.	2017 No.
Sales and operations	192	170
Administration	72	67
	264	237

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	7,825	6,695
Social security costs	829	701
Other pension costs	185	178
	8,839	7,574

The directors are directors of other companies in the Group headed by the ultimate parent company (Sasa Topco Limited). For the year ended 30 September 2018 directors' remuneration was borne by Key Travel International Limited and it is not deemed practicable to allocate between their services to each subsidiary of the Group (2017: same).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

7. TAX ON PROFIT

The tax charge comprises:

	2018 £'000	2017 £'000
Current tax on profit		
UK corporation tax	-	217
Adjustments in respect of prior years	(31)	88
Total current tax	(31)	305
Deferred tax		
Origination and reversal of timing differences	(69)	11
Total deferred tax (see note 15)	(69)	11
Total tax on profit	(100)	316

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19.5%). The Finance (No 2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2018 £'000	2017 £'000
Profit before tax	2,543	2,410
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.5%)	483	470
Effects of:		
- Expenses not deductible for tax purposes	(57)	18
- Group relief	(495)	(260)
- Adjustments to tax charge in respect of previous years	(31)	88
Total tax charge for year	(100)	316

8. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2018 £'000	2017 £'000
Interim dividend for the year ended 30 September 2018 of £19.00 (2017: £17.75) per ordinary share	1,900	1,775

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Other intangibles £'000	Total £'000
Cost			
At 1 October 2017	352	1,672	2,024
Additions	-	1,199	1,199
At 30 September 2018	352	2,871	3,223
Amortisation			
At 1 October 2017	53	111	164
Charge for the year	18	154	172
At 30 September 2018	71	265	336
Net book value			
At 30 September 2018	281	2,606	2,887
At 30 September 2017	299	1,561	1,860

Other intangibles consist of software development costs.

10. TANGIBLE FIXED ASSETS

	Short leasehold £'000	Hardware £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 October 2017	61	1,582	569	2,212
Additions	2	357	9	368
Disposals	-	(3)	-	(3)
At 30 September 2018	63	1,936	578	2,577
Depreciation				
At 1 October 2017	54	1,149	461	1,664
Charge for year	5	241	53	299
Disposals	-	(2)	-	(2)
At 30 September 2018	59	1,388	514	1,961
Net book value				
At 30 September 2018	4	548	64	616
At 30 September 2017	7	433	108	548

Assets held under finance leases

The company had leased hardware on leases which are considered to meet the definition of finance leases and are accounted for accordingly. Their net book value at 30 September 2018 was £nil (2017: £5,000). Depreciation of £5,000 (2017: £6,000) was charged in the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

11. FIXED ASSET INVESTMENTS

	Total £'000
Cost	
At 1 October 2017	1,232
Additions	1
At 30 September 2017	1,233

During the year, the company acquired the remaining 1% of Key Travel NV for consideration equal to the nominal value of the shares.

Shares in Group undertakings held directly by the company are comprised of:

Subsidiary undertakings	Country of incorporation	Registered office	Principal activity	Percentage of ordinary shares held
Key Travel NV	Belgium	1st floor Orega Brussels 123 Rue commerce 1000 Bruxelles Belgium	Travel agents	100%
Key Travel BV	Netherlands	Joop Geesinkweg 901 1114 AB Amsterdam-Duivendrecht	Travel agents	100%

12. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	11,691	9,717
Other debtors	529	504
Amounts owed by Group undertakings	9,988	7,673
VAT	94	76
Corporation tax receivable (see note 7)	63	-
Prepayments and accrued income	315	140
	22,680	18,110

The amounts owed by Group undertakings are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Obligations under finance leases	-	5
Trade creditors	14,010	11,293
Amounts owed to Group undertakings	826	86
Other taxation and social security	257	212
Accruals and deferred income	898	1,019
Defined contribution pension scheme accrual	39	33
Corporation tax payable (see note 7)	-	254
	16,030	12,902

The amounts due to Group undertakings are interest free and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Accruals and deferred income	420	536
	420	536

Finance leases

Finance leases are repayable as follows:

	2018 £'000	2017 £'000
On demand or within one year	-	5
	-	5

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

15. PROVISION FOR LIABILITIES

	Deferred tax liability £'000
At 1 October 2017	97
Charged to profit and loss account	(69)
At 30 September 2018	28

Deferred tax is provided as follows:

	2018 £'000	2017 £'000
Accelerated capital allowances	28	97
Provision for deferred tax	28	97

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

16. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Allotted, called-up and fully-paid		
100,000 ordinary shares of £1.00 each	100	100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2018

17. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2018 £'000	2017 £'000
Operating profit	2,541	2,410
Adjustment for:		
Depreciation and amortisation	471	377
Loss on disposal of tangible fixed assets	1	22
Taxation	(286)	(265)
Operating cash flow before movement in working capital	2,727	2,544
Increase in debtors	(6,408)	(3,867)
Increase in creditors	3,272	1,475
Cash generated by operations	(409)	152

18. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2018 £'000	2017 £'000
Within one year	411	362
Between one and five years	238	685
	649	1,047

19. ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Key Travel Holdings Limited and since the 25 May 2018 its ultimate parent company is Sasa Topco Limited with registered address, First Floor, 28-32 Britannia Street, London, WC1X 9JF. Prior to the 25 May 2018, the company's ultimate parent company was Key Travel International Limited, with registered address 26 New Street, St Helier, Jersey JE2 3RA, Channel Islands.

The smallest Group in which the results of the company are consolidated is that headed by Key Travel Holdings Limited. The consolidated financial statements of the Group are available to the public and may be obtained from First Floor, 28-32 Britannia Street, London, WC1X 9JF.

The largest Group in which the results of the company are consolidated for the current year is that headed by Key Travel International Limited, a company registered in Jersey. The consolidated financial statements of the Group are available to the public and may be obtained from 26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands.

The directors consider that the company is controlled by Elysian Capital II LP on the basis that it holds a controlling interest in the voting rights of the share capital of the ultimate parent company Sasa Topco Limited.