

PARENT ACCOUNTS OF:

ANDANTE TRAVELS LIMITED

01969761

**Specialist Journeys Topco Limited**

Annual Report and Financial Statements

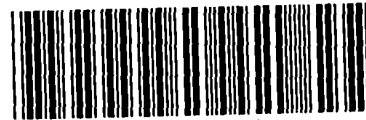
Year Ended

31 December 2018

Company Number 09442553

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# Specialist Journeys Topco Limited

## Group Strategic Report For the Year Ended 31 December 2018

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The directors present the strategic report of Specialist Journeys Topco Ltd (the "Group") for the year to 31 December 2018.

### Principal activities

The principal activity of the Group continued to be the management and operation of special interest group tours, worldwide.

### Review and results for the year

During 2018 there were a number of changes to strengthen Group senior leadership with the appointments of a new Chief Executive Officer, Marketing Director and Finance Director. Following these appointments, the Group redoubled its focus on guest experience, management of trip fill and improving its supplier partnerships and operational procedures.

In addition, the Group agreed a restructuring of its debt during the year and received additional investment from the Group's principal shareholders. This restructure and recapitalisation will support the business's investment in IT systems, people and product development necessary to drive sustainable organic growth over the next five years.

Turnover reduced by 4.5% in 2018 to £17,433k (2017: £18,263k) while gross margin increased to £5,556k (2017: £4,788k), being 32% of turnover (2017: 26%). The reduction in Group turnover was driven by the garden tours business, where turnover reduced year on year due to a change in product strategy initiated in 2017, increasing the inclusions in garden tours; the resulting price increases had a negative impact on passenger numbers. This was corrected during 2018 for 2019 holidays and the impact has been a significant increase in passenger numbers and turnover. The improvement in gross margin reflects management's focus on trip fill, improved procedures with suppliers and more effective operational delivery in the year.

The Group performed an impairment review of its assets at 31 December 2018, as was performed in the previous year, on the basis of discounted future cash flows expected to arise within each trading entity after an allocation of central overheads. This review confirmed that no impairment of the Group's assets is required in 2018 (2017: £4,678k).

Administrative expenses were £7,320k (2017: £8,510k), as the amortisation charge for the year reduced by £1,356k following the impairment of intangible asset values in 2017. Administrative expenses include £704k (2017: £204k) of costs which the Group considers to be exceptional in nature, including costs related to the refinancing and management change.

The reported loss for the financial year was £(2,882)k (2017: £(9,427)k). EBITDA (Earnings before interest, tax, depreciation and amortisation), and excluding the exceptional costs noted above, was £197k (2017: £(874)k).

As expected, following the arrival of the new senior management team and the resulting operational changes, the Group returned to a positive EBITDA position in the year. The Board considers the 2018 result to be a positive outcome which it will continue to build on in the coming years.

Net liabilities at 31 December 2018 were £(1,831)k (2017: £(12,152)k).

The directors have prepared the accounts on a going concern basis, which they consider appropriate on the basis of the Group's forecasts and the continuing support of its principal shareholders.

### Analysis based on key performance indicators

The Board of directors use a number of KPIs to monitor business performance against forecast including revenue, gross margin %, EBITDA, passenger numbers, trip fill %, average selling price, weekly sales and customer satisfaction scores. These are monitored on a monthly basis but due to their sensitive nature the company does not publish the figures, with the exception of the KPIs shown below.

# Specialist Journeys Topco Limited

## Group Strategic Report For the Year Ended 31 December 2018

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# Specialist Journeys Topco Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2018

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	2018	2017
Revenue	£17,433k	£18,263k
Gross margin %	32%	26%
EBITDA - Adjusted	£197k	£(874)k

### Future developments and events after the balance sheet date

The Group's principal shareholders continue to support the business to invest in IT systems, people and product development to support sustainable organic growth for the coming years.

In early 2019 the Group began a project to implement a single tour management system across the business, to replace the different legacy systems which are currently in use. It is anticipated that the new tour management system will support significant operational improvements and efficiencies once bedded in. It is expected to go live towards the end of 2019.

As a tour operator, the potential impact of Brexit is of course an ongoing question for the Group. In 2019 to date, the business has observed strong demand for its UK and long haul tours and a slight drop off in demand for European tours, but overall has seen no significant impact. The Group has already launched product for 2020 and demand is very positive.

The Group is forecasting a further significant improvement in EBITDA for the year ended 31 December 2019 and continued growth thereafter.

### Principal risks and uncertainties

#### Market risk

The Group relies on demand within the UK market, and to a lesser extent international markets, for the particular special interest tours which it operates in a given year. General demand amongst the demographic which the company serves is stable; given the special interest nature of the Group's product, the directors consider that growth can be achieved by continuing to: grow brand awareness, design products addressing areas of interest which are in demand and deliver a high-quality holiday experience for its guests at a competitive price.

#### Natural and political risk

Given the wide range of locations in which the Group operates its tours, there is a risk of external factors such as weather, natural events, political unrest and government regulations impacting on the Group's performance. The Group seeks to mitigate this risk through diversity in its product portfolio and therefore an ability to offer guests alternative destinations.

#### Financial risk

The Group is exposed to transactional foreign exchange risk, primarily in relation to hotel and transport costs, which it manages through the use of forward foreign exchange contracts. The Group's other financial instruments are trade creditors, trade debtors and bank balances.

#### Liquidity risk

Liquidity risk is managed through regular cash flow forecasting. Trade debtors are closely managed by regular monitoring of amounts outstanding and ensuring that customer balances have been settled several weeks prior to departure. Deposits payable to suppliers in advance of departure are carefully managed.

#### Credit risk

The Group does not have significant credit risk, given that its trade debtors must be settled several weeks prior to tour departure. The Group's cash assets are held by banks with high credit ratings.

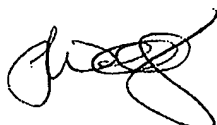
## Specialist Journeys Topco Limited

Group Strategic Report (continued)  
For the Year Ended 31 December 2018

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This report was approved by the board and signed on its behalf.

J Willis  
Director



Date:

24/5/2019

# **Specialist Journeys Topco Limited**

## **Directors' Report For the Year Ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activity**

The principal activity of the group in the year was the management and operation of specialist tour operators.

### **Directors**

The directors who served during the year were:

R A Hunt (appointed 27 September 2018)  
J Willis (appointed 29 August 2018)  
A E Dale (appointed 29 August 2018)  
R D Tarrant (appointed 27 September 2018)  
J T Katz  
H E W Robinson  
R Kelman (appointed 6 March 2018, resigned 27 September 2018)  
C J Parselle (resigned 26 January 2018)  
S M Bhutta (resigned 6 March 2018)  
I S Finlay (resigned 6 March 2018)

### **Qualifying third party indemnity provisions**

The company has put in place qualifying third party indemnity provisions for the executive directors of Specialist Journeys Topco Limited.

# **Specialist Journeys Topco Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2018**

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### **Results and dividends**

The loss for the year, after taxation, amounted to £2,882 thousand (2017 - loss £9,427 thousand).

The directors do not recommend the payment of a dividend.

### **Future developments**

The Group continues to focus on the quality of its guest experience, employee engagement and supplier partnerships, supported by back office systems which facilitate a high standard of operational delivery. This focus supported the improvement in performance in 2018, and the directors believe that maintaining this approach will continue to drive organic growth in future years. Investment in improving back office systems is progressing as planned, with a project to replace the group's core tour management system underway, with implementation expected towards the end of 2019.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company and the group are discussed in the Strategic Report on page 1.

### **Post balance sheet events**

Events after the balance sheet date are detailed in the Strategic Report on page 1.

### **Branches outside the UK**

The company does not have any branches outside the UK as defined in section 1046(3) of the Companies Act 2006.

### **Research and development activities**

The Group invests in the development of new tour products on an ongoing basis; the charge to the income statement amounted to £68k during the year (2017: £213k).

### **Political contributions**

No political donations were made or political expenditure incurred during the year (2017: £Nil).

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

### **Auditors**

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## Specialist Journeys Topco Limited

### Directors' Report (continued) For the Year Ended 31 December 2018

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This report was approved by the board and signed on its behalf.



A E Dale  
Director

Date: 24/5/2019

# Specialist Journeys Topco Limited

## Independent Auditors' Report to the Members of Specialist Journeys Topco Limited

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### Opinion

We have audited the financial statements of Specialist Journeys Topco Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company 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 Financial Reporting Standard 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 group's and of the parent company's affairs as at 31 December 2018 and of the group's 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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.

# **Specialist Journeys Topco Limited**

## **Independent Auditors' Report to the Members of Specialist Journeys Topco Limited (continued)**

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

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

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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

### **Responsibilities of directors**

As explained more fully in the 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so,

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

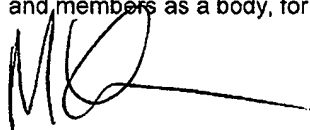
## Specialist Journeys Topco Limited

### Independent Auditors' Report to the Members of Specialist Journeys Topco Limited (continued)

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#### 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom

24/5/19

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

## Specialist Journeys Topco Limited

### Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	5	17,433	18,263
Cost of sales		(11,877)	(13,475)
<b>Gross profit</b>		<b>5,556</b>	<b>4,788</b>
Administrative expenses		(7,320)	(13,188)
<b>EBITDA *</b>		<b>197</b>	<b>(874)</b>
Impairment		-	(4,678)
Depreciation and amortisation		(1,257)	(2,644)
Exceptional items		(704)	(204)
<b>Operating loss</b>	6	<b>(1,764)</b>	<b>(8,400)</b>
Interest receivable and similar income	9	-	1
Interest payable and expenses	10	(1,279)	(1,452)
<b>Loss before taxation</b>		<b>(3,043)</b>	<b>(9,851)</b>
Tax on loss	11	161	424
<b>Loss for the financial year</b>		<b>(2,882)</b>	<b>(9,427)</b>
Foreign exchange movement		(33)	54
<b>Other comprehensive income for the year</b>		<b>(33)</b>	<b>54</b>
<b>Total comprehensive income for the year</b>		<b>(2,915)</b>	<b>(9,373)</b>
<b>Loss for the year attributable to:</b>			
Owners of the parent company		(2,882)	(9,427)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent company		(2,915)	(9,373)

\* EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional items

The notes on pages 18 to 37 form part of these financial statements.

# Specialist Journeys Topco Limited

Registered number: 09442553

## Consolidated Balance Sheet As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible Assets	12	5,112	6,038
Tangible assets	13	229	246
		<u>5,341</u>	<u>6,284</u>
<b>Current assets</b>			
Stocks	15	4	-
Debtors: amounts falling due within one year	16	2,766	854
Cash at bank and in hand	17	335	616
		<u>3,105</u>	<u>1,470</u>
Creditors: amounts falling due within one year	18	(7,429)	(7,056)
<b>Net current liabilities</b>		<u>(4,324)</u>	<u>(5,586)</u>
<b>Total assets less current liabilities</b>		<u>1,017</u>	<u>698</u>
Creditors: amounts falling due after more than one year	19	(2,320)	(12,171)
<b>Provisions for liabilities</b>			
Deferred tax	22	(528)	(679)
		<u>(528)</u>	<u>(679)</u>
<b>Net liabilities</b>		<u><u>(1,831)</u></u>	<u><u>(12,152)</u></u>

# Specialist Journeys Topco Limited

Registered number: 09442553

## Consolidated Balance Sheet (continued) As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Capital and reserves</b>			
Called up share capital	23	2	2
Share premium account	24	355	355
Foreign exchange reserve	24	(19)	14
Capital contribution reserve	24	13,236	-
Profit and loss account	24	(15,405)	(12,523)
		<u>(1,831)</u>	<u>(12,152)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*A E Dale*

**A E Dale**  
Director

Date: 24/5/2019

The notes on pages 18 to 37 form part of these financial statements.

# Specialist Journeys Topco Limited

Registered number: 09442553

## Company Balance Sheet As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investments	14	265	264
		<u>265</u>	<u>264</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	1	-
		<u>1</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>266</u>	<u>264</u>
<b>Net assets</b>		<u>266</u>	<u>264</u>
<b>Capital and reserves</b>			
Called up share capital	23	2	2
Share premium account	24	357	355
Profit and loss account brought forward	24	(93)	(11)
Loss for the year		-	(82)
Profit and loss account carried forward	24	(93)	(93)
		<u>266</u>	<u>264</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*A E Dale*

**A E Dale**  
Director

The notes on pages 18 to 37 form part of these financial statements.

## Specialist Journeys Topco Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Foreign Exchange Translation Reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2018	2	355	14	-	(12,523)	(12,152)
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(2,882)	(2,882)
Foreign exchange movement	-	-	(33)	-	-	(33)
<b>Other comprehensive income for the year</b>	-	-	(33)	-	-	(33)
<b>Total comprehensive income for the year</b>	-	-	(33)	-	(2,882)	(2,915)
Capital contribution	-	-	-	13,236	-	13,236
<b>Total transactions with owners</b>	-	-	-	13,236	-	13,236
<b>At 31 December 2018</b>	<b>2</b>	<b>355</b>	<b>(19)</b>	<b>13,236</b>	<b>(15,405)</b>	<b>(1,831)</b>

The notes on pages 18 to 37 form part of these financial statements.

## Specialist Journeys Topco Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	2	355	(40)	(3,096)	(2,779)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(9,427)	(9,427)
Foreign exchange movement	-	-	54	-	54
<b>Other comprehensive income for the year</b>	-	-	54	-	54
<b>Total comprehensive income for the year</b>	-	-	54	(9,427)	(9,373)
<b>At 31 December 2017</b>	<b>2</b>	<b>355</b>	<b>14</b>	<b>(12,523)</b>	<b>(12,152)</b>

The notes on pages 18 to 37 form part of these financial statements.

## Specialist Journeys Topco Limited

### Company Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2017</b>	2	355	(11)	346
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(82)	(82)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 1 January 2018</b>	2	355	(93)	264
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	-	2	-	2
<b>At 31 December 2018</b>	2	357	(93)	266

The notes on pages 18 to 37 form part of these financial statements.

## Specialist Journeys Topco Limited

### Consolidated Statement of Cash Flows For the Year Ended 31 December 2018

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(2,882)	(9,427)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,168	2,567
Depreciation of tangible assets	89	77
Impairments of fixed assets	-	4,678
Interest paid	1,279	1,450
Taxation charge	(161)	(424)
(Increase)/decrease in stocks	(4)	-
(Increase)/decrease in debtors	(1,908)	852
Increase in creditors	696	389
Corporation tax (paid)	(6)	(154)
Foreign exchange	-	84
<b>Net cash generated from operating activities</b>	<u>(1,729)</u>	<u>92</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(241)	(322)
Purchase of tangible fixed assets	(72)	(134)
<b>Net cash from investing activities</b>	<u>(313)</u>	<u>(456)</u>
<b>Cash flows from financing activities</b>		
New loan notes	2,250	-
Repayment of loans	(346)	(465)
Repayments of loan notes	-	(71)
Interest paid	(143)	(161)
<b>Net cash used in financing activities</b>	<u>1,761</u>	<u>(697)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(281)</u>	<u>(1,061)</u>
Cash and cash equivalents at beginning of year	616	1,677
<b>Cash and cash equivalents at the end of year</b>	<u><u>335</u></u>	<u><u>616</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	335	616
	<u><u>335</u></u>	<u><u>616</u></u>

The notes on pages 18 to 37 form part of these financial statements.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 1. Going concern

The group consolidated financial statements are prepared on a going concern basis which the directors believe continues to be appropriate. The directors have prepared cash flow projections for the period ending no less than 12 months from the date of their approval of these financial statements. On the basis of those projections, the directors believe that the group will be able to continue to trade for the foreseeable future.

### 2. General information

Specialist Journeys Topco Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the directors report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

### 3. Accounting policies

#### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency is pounds sterling (GBP).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group accounting policies.

The following principal accounting policies have been applied:

#### 3.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

# **Specialist Journeys Topco Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2018**

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### **3. Accounting policies (continued)**

#### **3.3 Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No cash flow statement has been presented for the company;
- No statement of comprehensive income has been presented for the parent company as permitted by section 408 of the Companies Act 2006;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

#### **3.4 Revenue**

Revenue represents amounts receivable from the sale of tours and other services supplied to customers, net of VAT under the Tour Operators Margin Scheme. Revenue and tour expenses are taken to the income statement on the date of departure of the tour.

#### **3.5 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

#### **3.6 Pensions**

##### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### **3.7 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# **Specialist Journeys Topco Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2018**

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### **3. Accounting policies (continued)**

#### **3.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 3. Accounting policies (continued)

#### 3.9 Intangible assets

##### *a) Goodwill*

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of the group's share of its identifiable assets and liabilities at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life. Goodwill is being amortised to 'administrative expenses' over 5 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### *b) Customer relationships*

Where a value can be attributed to existing customer relationships that are acquired, these assets are held at amortised cost. Amortisation is calculated using the straight line method over the expected period that those relationships are deemed likely to generate revenues, which the directors assess as 10 years, and charged to 'administrative expenses'.

##### *c) Brands*

Where a value can be attributed to acquired brands, these assets are held at amortised cost. Amortisation is calculated using the straight line method over their expected useful lives, which the directors assess as 10 years, and charged to 'administrative expenses'.

##### *d) Website and brand development costs*

Where group companies' websites are expected to generate future revenues in excess of the costs of developing those websites and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. Development costs that are capitalised in accordance with the requirements of FRS 102 are not treated, for dividend purposes, as a realised loss. Amortisation is calculated using the straight line method over their expected useful lives, which the directors assess as 5 years, and charged to 'administrative expenses'.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 3. Accounting policies (continued)

#### 3.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures, fittings, tools and equipment - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

#### 3.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 3.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 3.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 3.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 3. Accounting policies (continued)

#### 3.15 Financial Instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

The group has entered into forward contracts to manage its exposure to foreign currency fluctuations. These derivatives are measured at fair value through profit and loss at each reporting date.

#### 3.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 3.17 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 3. Accounting policies (continued)

#### 3.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 13)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Impairment of intangible assets (see note 12)*

Intangible assets that were acquired through the course of previous acquisitions were tested for impairment in the current year. This was based on comparing the value in use of the intangible asset to its carrying amount. The value in use used various inputs that created estimation uncertainty such as the discount rate and expected earnings in future years.

## Specialist Journeys Topco Limited

### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 5. Turnover

The whole of the turnover is attributable to selling packaged tours.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	4,134	3,945
Rest of Europe	8,517	8,609
Rest of the world	4,782	5,709
	<u>17,433</u>	<u>18,263</u>

#### 6. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Research & development charged as an expense	68	213
Depreciation of tangible fixed assets	89	77
Amortisation of intangible assets, including goodwill	1,168	2,567
Impairment of intangible assets	-	4,678
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	28	34
Exchange differences	(54)	46
Other operating lease rentals	135	142
Defined contribution pension cost	<u>70</u>	<u>52</u>

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £000	Group 2017 £000
Wages and salaries	2,844	2,483
Social security costs	281	250
Cost of defined contribution scheme	70	52
	<u>3,195</u>	<u>2,785</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Sales and marketing	29	33
Product and operations	36	36
Finance and administration	15	16
	<u>80</u>	<u>85</u>

The company has no employees other than the directors, who did not receive any remuneration (2017 - £Nil)

### 8. Directors remuneration

	2018 £000	2017 £000
Directors' emoluments	358	363
Company contributions to defined contribution pension schemes	6	13
Directors' Fees	33	-
	<u>397</u>	<u>376</u>

The highest paid director received remuneration of £143 thousand (2017 - £150 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017 - £2 thousand).

During the year retirement benefits were accruing to 6 directors (2017: 3) in respect of defined contribution pension schemes.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 9. Interest receivable

	2018 £000	2017 £000
Other interest receivable	-	1

### 10. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	144	140
Other loan interest payable	1,135	1,312
	<u>1,279</u>	<u>1,452</u>

### 11. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(6)	(65)
Adjustments in respect of previous periods	(4)	(41)
	<u>(10)</u>	<u>(106)</u>
<b>Total current tax</b>	<u>(10)</u>	<u>(106)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(92)	(375)
Changes to tax rates	(59)	64
Effect of rate change on opening balance	-	(7)
<b>Total deferred tax</b>	<u>(151)</u>	<u>(318)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(161)</u>	<u>(424)</u>

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(3,043)	(9,851)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(578)	(1,896)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	447	1,023
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	303
Adjustments to tax charge in respect of prior periods	(10)	(41)
Adjustments to tax charge in respect of prior periods - deferred tax	-	(7)
Rate change on losses carried back	-	(1)
Rate changes	(59)	64
Deferred tax not recognised	39	131
<b>Total tax charge for the year</b>	<b>(161)</b>	<b>(424)</b>

#### Factors that may affect future tax charges

The government has announced that from 1 April 2020, the corporation tax main rate will be further reduced to 17%.

## Specialist Journeys Topco Limited

### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 12. Intangible assets

##### Group and Company

	Customer relationships £000	Website and brand development £000	Brands £000	Goodwill £000	Total £000
<b>Cost</b>					
At 1 January 2018	4,071	479	2,210	9,463	16,223
Additions	-	241	-	-	241
At 31 December 2018	4,071	720	2,210	9,463	16,464
<b>Amortisation</b>					
At 1 January 2018	1,780	90	1,062	7,252	10,184
Charge for the year	321	110	164	573	1,168
At 31 December 2018	2,101	200	1,226	7,825	11,352
<b>Net book value</b>					
At 31 December 2018	1,970	520	984	1,638	5,112
At 31 December 2017	2,291	388	1,148	2,211	6,038

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 13. Tangible fixed assets

#### Group

	Fixtures, fittings, tools and equipment £000
<b>Cost or valuation</b>	
At 1 January 2018	395
Additions	72
At 31 December 2018	<u>467</u>
<b>Depreciation</b>	
At 1 January 2018	149
Charge for the year on owned assets	89
At 31 December 2018	<u>238</u>
<b>Net book value</b>	
At 31 December 2018	<u>229</u>
At 31 December 2017	<u>246</u>

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 14. Fixed asset investments

#### Company

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2018	264
Additions	1
At 31 December 2018	<u>265</u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Specialist Journeys Midco 1 Limited**	Holding company	Ordinary	100%
Specialist Journeys Midco 2 Limited**	Holding company	Ordinary	100%
Specialist Journeys Limited**	Provider of Management Services	Ordinary	100%
Specialist Tours Limited**	Provider of Management Services	Ordinary	100%
Andante Travels Limited**	Tour operator	Ordinary	100%
Andante Travels Transport Company Limited**	Transport company	Ordinary	100%
Lindstone Travel Inc.*/****	Tour operator	Ordinary	100%
Brightwater Holidays Limited*/***	Tour operator	Ordinary	100%
Action Events Limited**	Tour operator	Ordinary	100%
Dream Challenges Limited**	Tour operator	Ordinary	100%
Historical Trips Limited**	Dormant	Ordinary	100%
Arblaster & Clarke Holdings Limited**	Dormant	Ordinary	100%
Arblaster & Clarke Wine Tours Limited**	Dormant	Ordinary	100%
A&C Travel Limited**	Dormant	Ordinary	100%
Brightwater Transport Limited*/***	Dormant	Ordinary	100%
Authentic Adventures Limited**	Dormant	Ordinary	100%

## Specialist Journeys Topco Limited

### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 14. Fixed asset investments (continued)

##### Subsidiary undertakings (continued)

The results and net assets of all of the above entities have been included in the consolidated financial statements of the group.

\*Indirect shareholding

\*\*The registered office of these entities is The Clock Tower, Unit 4 Oakridge Office Park, Southampton Road, Whaddon, Salisbury, Wiltshire, SP5 3HT

\*\*\*The registered office of these entities is Eden Park House, Cupar, Fife, KY15 4HS

\*\*\*\*The registered office of this entity is 271 Madison Avenue, New York, New York, 10016, USA

##### Audit exemption

All of the above subsidiaries, except for Lindstone Travel Inc., are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act. Lindstone Travel Inc. is incorporated in the USA and does not require an audit under the UK Companies Act 2006.

#### 15. Stocks

	Group 2018 £000	Group 2017 £000
Marketing material	4	-

#### 16. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	44	87	-	-
Amounts owed by group undertakings	-	-	1	-
Other debtors	1,803	305	-	-
Prepayments and accrued income	850	402	-	-
Tax recoverable	69	60	-	-
	<u>2,766</u>	<u>854</u>	<u>1</u>	<u>-</u>

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 17. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000
Cash at bank and in hand	335	616

### 18. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000
Bank loans	2,232	2,578
Trade creditors	376	691
Corporation tax	25	24
Other taxation and social security	285	160
Other creditors	275	614
Accruals and deferred income	4,236	2,989
	<u>7,429</u>	<u>7,056</u>

### 19. Creditors: Amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000
Other loans	2,320	12,171

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 20. Loans

The bank loan is secured by a floating charge over the group's assets. Interest accrues quarterly at a rate of 3.5% per annum plus LIBOR. The bank loan is repayable in quarterly installments up to 30 June 2021, however, at 31 December 2018 and 31 December 2017, a loan covenant breach rendered the loan repayable on demand. Subsequent to the 2018 year end, the bank issued a letter of waiver in respect of the covenant breach.

Other loans relate to interest-bearing loan notes provided by shareholders, expiring in 2025. Interest accrues annually and is not required to be settled in cash until the loan notes are redeemed.

	Group 2018 £000	Group 2017 £000
<b>Amounts falling due within one year</b>		
Bank loans	2,232	2,578
<b>Amounts falling due 1-2 years</b>		
<b>Amounts falling due after more than 5 years</b>		
Other loans	2,320	12,171
	<u>4,552</u>	<u>14,749</u>

### 21. Financial instruments

	Group 2018 £000	Group 2017 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,182</u>	<u>1,095</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(6,053)</u>	<u>(17,420)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and cash.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, other creditors, accruals and other loans.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 22. Deferred taxation

#### Group

	2018 £000
At beginning of year	(679)
Charged to profit or loss	151
<b>At end of year</b>	<b>(528)</b>

The provision for deferred taxation is made up as follows:

	Group 2018 £000	Group 2017 £000
Accelerated capital allowances	(26)	(26)
Intangible assets	(502)	(653)
	<b>(528)</b>	<b>(679)</b>

### 23. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
299,071 (2017 - 292,000) Ordinary A1 shares of £0.001 each	299	292
225 (2017 - 225) Ordinary A2 shares of £1.000 each	225	225
8,089 (2017 - 8,100) Ordinary B shares of £0.050 each	404	405
6,256 (2017 - 3,000) Ordinary C shares of £0.100 each	626	300
44,787 (2017 - 54,200) Ordinary D shares of £0.010 each	448	542
	<b>2,002</b>	<b>1,764</b>

The share classes rank pari passu.

During the period the company entered into the following share transactions:

On 27 September 2018, 8,820 Ordinary D shares with a nominal value of £0.01 each were consolidated and converted into 882 Ordinary C shares with a nominal value of £0.10 each.

On 27 September 2018, 622 Ordinary D shares with a nominal value of £0.01 each were sub divided and converted into 6,220 Ordinary A1 shares with a nominal value of £0.001 each.

On 27 September 2018, the company issued 926 A1 Ordinary shares with a value of £0.001 each in exchange for 926 newly issued A Ordinary shares of £1 each in Specialist Journeys Midco 1 Limited.

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 24. Reserves

#### Share premium account

The share premium reserve represents the amounts received upon the issue of share capital over the nominal value of the shares.

#### Capital contribution reserve

The capital contribution reserve represents contributions made by shareholders that were not in exchange for shares.

#### Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### Profit and loss account

The profit and loss account represents the cumulative profits and losses made by the group since its inception.

### 25. Commitments under operating leases

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	122	118
Later than 1 year and not later than 5 years	160	213
	<u>282</u>	<u>331</u>

# Specialist Journeys Topco Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 26. Related party transactions

Loans due to related parties as at 31 December 2018 and interest payable to them at the end of the year are as follows:

KPC II Ltd, on behalf of Kings Park Capital II A LP, Kings Park Capital II B LP and Kings Park Capital II (C1) LP ("KPC Funds").

Loans of £1,917,036 (2017: £9,233,715) included interest payable of £58,654 (2017: £989,327).

Kings Park Capital LLP

A management fee of £50,000 (2017: £50,000) was charged to the company by Kings Park Capital LLP during the year. At the year end £50,000 was outstanding (2017: £Nil).

Key management

Loans of £Nil (2017: £1,007,971) and interest payable of £Nil (2017: £107,997). Key management personnel are considered to be the directors of the company.

Compensation paid to key management personnel was £408,188 (2017: £424,040).

On 27 September 2018, the loan note debt in a subsidiary company was restructured. This resulted in a reduction of group debt of £13,236,201.

Kings Park Capital LLP, in its capacity as manager of KPC Funds, and KPC II GP LLP, in its capacity as general partner of KPC Funds, have given security and guarantees to third parties amounting to £1.3m on behalf on the Group.

### 27. Controlling party

The ultimate controlling party is considered to be Kings Park Capital LLP, a limited liability partnership registered under OC329652 in England & Wales with its registered office being 1st Floor, 35-36 Great Marlborough Street, London, W1F 7JF, acting in its capacity as the investment manager of Kings Park Capital II A LP, Kings Park Capital II B LP and Kings Park Capital II (C1) LP.