

**Company registration number: 09908463**

**Boketto Midco Limited**

**Annual report and financial statements**

**for the year ended 31 December 2018**

**Boketto Midco Limited**  
**Annual report and financial statements for the year ended 31 December 2018**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Statement of financial position</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

# **Boketto Midco Limited**

**Annual report and financial statements for the year ended 31 December 2018**

## **Officers and professional advisers**

### **Directors**

N Longman  
R Prosser  
N Steinmeyer

### **Secretary**

E Ward

### **Registered office**

New Mill  
New Mill Lane  
Witney  
Oxfordshire  
OX29 9SX

### **Independent auditors**

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

# **Boketto Midco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Strategic report**

The directors present their strategic report on the company for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the company is that of a corporate holding company, with listed debt.

#### **Review and results for the year**

The loss for the year was £253k (2017: £309k). At 31 December 2018 the company had net assets of £622k (2017: £875k).

During the year the company received £29,902k (2017: £nil) of interest on loan notes owed by a subsidiary undertaking, and used this to fund the payment of £29,902k (2017: £nil) of interest on external loan notes.

#### **Analysis based on key performance indicators**

The company has no specific key performance indicators and the company's ultimate parent company, Boketto Holdco Limited, has disclosed its key performance indicators. The financial statements of Boketto Holdco Limited can be obtained from the address in note 15.

#### **Principal risks and uncertainties**

##### ***Business risk***

The management of the business and the execution of the company's strategy are determined by Boketto Holdco Limited, the company's ultimate parent. Discussion of these risks and uncertainties, in the context of the group is provided in the Boketto Holdco group consolidated financial statements.

#### **Financial risk management**

##### ***Liquidity risk***

The company is reliant on external financing to support its activities with a combination of equity and long-term loan notes.

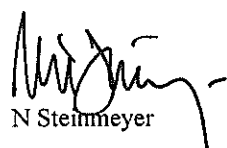
The loan notes issued by Boketto Midco Limited, are repayable (other than at the company's option) in 10 years from the December 2015 issue date and are subject to certain financial covenants and undertakings which the directors monitor.

The directors consider the funding needs of the company to be robust.

##### ***Interest rate risk***

The company is not exposed to interest rate risk because all loan notes accrue interest at a 10% interest rate, fixed until December 2025, and have no scheduled repayments until that date.

Approved by the Board of Directors and signed on behalf of the Board on 27 March 2019.



N Steilmeyer

Director

# **Boketto Midco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Directors' report**

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2018.

#### **Going concern**

Taking into account the trading of the Boketto Holdco group, the directors have a reasonable expectation that the company (and group) has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are signed. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The Boketto Holdco group uses external debt financing as part of a balanced capital structure. Any payments of capital and interest on external senior debt facilities are funded by intercompany loans from Audley Travel Group Limited, a subsidiary undertaking. The resulting loan balance from Audley Travel Group Limited to the group holding companies, including Boketto Midco Limited, is expected to be settled from future company dividends to the holding companies. Intercompany loans include loan notes between group companies which accumulate interest (not payable in cash) at 10% per annum. The loan notes in the group structure have no scheduled cash repayment in the normal course of operations.

Monthly cash flow forecasts have been prepared for the business to the end of 2020. These cash flows assume that the profitability of Audley Travel Group Limited and Audley Travel US Inc. grows in accordance with the detailed business plan which has been approved by the board of directors. Management prepare cash flow forecasts that assume that all liabilities of the business are met in accordance with contractual terms.

#### **Future developments**

The strategy of the company remains focused on holding listed debt as part of the Boketto Holdco group.

The strategy of the Boketto Holdco group remains focussed on organic growth and the group continues to expand with new product offerings and investment in the back-office platforms. The directors believe that due to the group's unique and varied product, the profile of the customer base and the enhanced operational capability, the outlook remains positive.

#### **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.

#### **Dividends**

The loss for the year is shown in the statement of comprehensive income on page 9. The directors recommend that no dividend is paid (2017: nil).

#### **Political and charitable contributions**

The company made no charitable donations during the year (2017: £nil). The company made no political donations nor incurred any political expenditure during the year (2017: £nil).

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are discussed in the strategic report on page 2.

#### **Directors**

The directors who served during the year under review and up to the date of signing these financial statements were:

N Longman (appointed 27 September 2018)

R Prosser

N Steinmeyer

I Simkins resigned as a director of the company on 18 December 2018.

# **Boketto Midco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Directors' report (continued)**

#### **Directors' indemnities**

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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. The directors 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.

#### **Directors' confirmations**

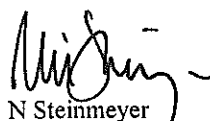
In the case of each director in office at the date the directors' report is approved:

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

#### **Matters covered in the strategic report**

Disclosure of the company's business review and financial risk management are provided in the strategic report.

Approved by the board of directors and signed on behalf of the board.



N Steinmeyer  
Director  
27 March 2019

# ***Independent auditors' report to the members of Boketto Midco Limited***

## **Report on the audit of the financial statements**

---

### **Opinion**

In our opinion, Boketto Midco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

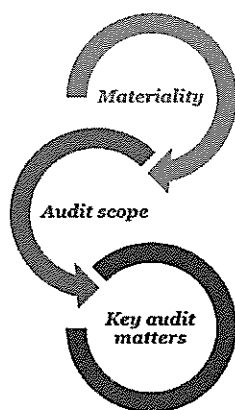
### **Our audit approach**

#### *Context*

Boketto Midco Limited holds debt which is listed on the International Stock Exchange and its principal activity is that of a corporate holding company.

#### *Overview*

Overall materiality: £2,200,000 (2017: £2,275,000), based on 1% of total assets.



---

We conducted audit work in one location, being Witney in the United Kingdom, which comprises 100% of the company's activities.

---

We have no key audit matters to report.

---

# ***Independent auditors' report to the members of Boketto Midco Limited***

## *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the Company to communicate in our report.

## *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting process is structured around a single finance team in Witney, maintaining their own accounting records and controls. All financial reporting, including the financial statement disclosures, are performed by the same finance team.

We focussed our audit on all material items in the financial statements, which were audited by a single engagement team.

## *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b><i>Overall materiality</i></b>	£2,200,000 (2017: £2,275,000).
<b><i>How we determined it</i></b>	1% of total assets.
<b><i>Rationale for benchmark applied</i></b>	We applied this benchmark as we consider this metric is the most appropriate given the nature of the Company's activities, being a financing and an intermediate holding company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 (2017: £57,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

---

## **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

# ***Independent auditors' report to the members of Boketto Midco Limited***

---

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# ***Independent auditors' report to the members of Boketto Midco Limited***

---

## **Other required reporting**

---

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Hall (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
27 March 2019

## **Boketto Midco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Statement of comprehensive income for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Administrative expenses		(14)	(3)
<b>Operating loss</b>		<b>(14)</b>	<b>(3)</b>
Finance income	7	22,489	20,583
Finance expenses	8	(22,728)	(20,889)
<b>Net finance expense</b>		<b>(239)</b>	<b>(306)</b>
<b>Loss before taxation</b>		<b>(253)</b>	<b>(309)</b>
Taxation on loss	9	-	-
<b>Loss for the financial year</b>		<b>(253)</b>	<b>(309)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive loss for the financial year</b>		<b>(253)</b>	<b>(309)</b>

All results are derived from continuing activities. The total comprehensive loss is all attributable to the owners of the parent company.

The notes on pages 12 to 19 form an integral part of these financial statements.

## Boketto Midco Limited

Annual report and financial statements for the year ended 31 December 2018

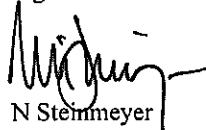
### Statement of financial position as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investments	10	1,540	1,540
		<u>1,540</u>	<u>1,540</u>
<b>Current assets</b>			
Trade and other receivables	11	218,805	225,994
		<u>218,805</u>	<u>225,994</u>
<b>Total assets</b>		<u>220,345</u>	<u>227,534</u>
<b>Current liabilities</b>			
Trade and other payables	12	3,967	3,726
		<u>3,967</u>	<u>3,726</u>
<b>Non-current liabilities</b>			
Borrowings	13	215,756	222,933
		<u>215,756</u>	<u>222,933</u>
<b>Total liabilities</b>		<u>219,723</u>	<u>226,659</u>
<b>Net assets</b>		<u>622</u>	<u>875</u>
<b>Equity</b>			
Share capital	14	1,543	1,543
Accumulated losses	14	(921)	(668)
		<u>622</u>	<u>875</u>
<b>Total equity</b>		<u>622</u>	<u>875</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

The financial statements of Boketto Midco Limited (registered number 09908463) on pages 9 to 19 were approved by the board of directors and authorised for issue on 27 March 2019.

Signed on behalf of the board of directors.



N Stemmeyer

Director

## **Boketto Midco Limited**

**Annual report and financial statements for the year ended 31 December 2018**

### **Statement of changes in equity for the year ended 31 December 2018**

	<b>Share capital £'000</b>	<b>Accumulated losses £'000</b>	<b>Total £'000</b>
<b>At 1 January 2017</b>	<u>1,543</u>	<u>(359)</u>	<u>1,184</u>
Loss & total comprehensive loss for the financial year	<u>-</u>	<u>(309)</u>	<u>(309)</u>
<b>At 31 December 2017</b>	<u>1,543</u>	<u>(668)</u>	<u>875</u>
Loss & total comprehensive loss for the financial year	<u>-</u>	<u>(253)</u>	<u>(253)</u>
<b>At 31 December 2018</b>	<u>1,543</u>	<u>(921)</u>	<u>622</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

# **Boketto Midco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **1. General information**

Boketto Midco Limited ('the company') is a private company limited by shares and incorporated and domiciled in England and Wales. The registered address of the company is New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX. The nature of the company's operations and its principal activity are set out in the Strategic report on page 2.

#### **2. Accounting policies**

The principal accounting policies of the company are summarised below. They have been applied consistently throughout to all periods presented in these financial statements.

##### **2.1 Basis of preparation of financial statements**

The financial statements of Boketto Midco Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

##### **2.2 Qualifying entity disclosure exemptions**

The company's ultimate parent undertaking, Boketto Holdco Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Boketto Holdco Limited are prepared in accordance with IFRS and are available to the public from the address in Note 15. In preparing these financial statements, the company has taken advantage of the disclosure exemptions for qualifying entities and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) the requirements of IFRS 7, 'Financial Instruments: Disclosures';
- (b) paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- (c) paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- (d) the following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures);
- (e) IAS 7, 'Statement of cash flows';
- (f) paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- (g) paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- (h) the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## **Boketto Midco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

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

###### *2.3 Changes in accounting policy and disclosure*

No new standards, amendments or interpretations, effective for periods beginning on or after 1 January 2018 have had a material impact on the company financial statements.

###### *2.4 Going concern*

Taking into account the trading of the Boketto Holdco group, the directors have a reasonable expectation that the company (and group) has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are signed. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The Boketto Holdco group uses external debt financing as part of a balanced capital structure. Any payments of capital and interest on external senior debt facilities are funded by intercompany loans from Audley Travel Group Limited, a subsidiary undertaking. The resulting loan balance from Audley Travel Group Limited to the group holding companies, including Boketto Midco Limited, is expected to be settled from future company dividends to the holding companies. Intercompany loans include loan notes between group companies which accumulate interest (not payable in cash) at 10% per annum. The loan notes in the group structure have no scheduled cash repayment in the normal course of operations.

Monthly cash flow forecasts have been prepared for the business to the end of 2020. These cash flows assume that the profitability of Audley Travel Group Limited and Audley Travel US Inc. grows in accordance with the detailed business plan which has been approved by the board of directors. Management prepare cash flow forecasts that assume that all liabilities of the business are met in accordance with contractual terms.

###### *2.5 Consolidation*

The company is a wholly owned subsidiary of Boketto Holdco Limited. It is included in the consolidated financial statements of Boketto Holdco Limited which are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is included in note 15.

###### *2.6 Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer together with the board of directors.

###### *2.7 Functional and presentation currency*

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 presentational currency of the financial statements is also pounds sterling.

###### *2.8 Finance income and expense*

Interest income and expense is recognised using the effective interest rate method.

## **Boketto Midco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

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

###### **2.9 Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

###### **2.10 Financial instruments**

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

###### *Classification*

A financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- It is held for trading; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an instrument does not meet these conditions, it is measured at FVTPL.

The group applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

###### *Subsequent measurement*

Financial instruments at FVTPL are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

Financial instruments at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### *Derecognition*

The company derecognises a financial instrument when the contractual rights or obligations to the cash flows expire, or it transfers its right or obligation to the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial instrument are transferred.

###### **2.11 Investments**

Investments in subsidiaries and associates are measured at cost less impairment. The company annually reviews investments for indicators of impairment.

###### **2.12 Borrowings**

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost, with any transaction costs amortised to the income statement over the period of the borrowings using the effective interest method. Any related interest accruals are included within borrowings.

###### **2.13 Related parties**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as allowed by the exemptions taken under FRS 101.

## **Boketto Midco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued)**

##### **for the year ended 31 December 2018**

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

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.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Critical judgements in applying the company's accounting policies**

No significant judgements have been made by management in preparing these financial statements.

#### **4. Segment information**

Management has determined, based on the information reviewed by the Chief Executive Officer (the company's chief operating decision maker) that there is only one operating segment identified and therefore, the assets, liabilities, income and expense of the segment are already disclosed in the primary statements and notes to these financial statements.

#### **5. Auditors' remuneration**

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's financial statements were £10k (2017: £10k).

#### **6. Directors and employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Directors	<u>3</u>	<u>3</u>

There are no employees, other than directors, employed by the company (2017: none). None of the directors received any remuneration from the company in respect of services for the company in 2018 (2017: nil). All directors' remuneration is borne by Boketto Bidco Limited. It is not possible to allocate the directors costs to individual group companies, so all remuneration is shown in Boketto Holdco Limited.

## Boketto Midco Limited

### Annual report and financial statements for the year ended 31 December 2018

#### Notes to the financial statements (continued) for the year ended 31 December 2018

##### 7. Finance income

	2018 £'000	2017 £'000
Interest on loan notes owed by subsidiary undertakings	<u>22,489</u>	<u>20,583</u>

##### 8. Finance expenses

	2018 £'000	2017 £'000
Interest on external loan notes	22,400	20,563
Amortisation of loan note issue costs	328	326
	<u>22,728</u>	<u>20,889</u>

##### 9. Taxation on loss

There is no tax charge or credit in either the current or prior year.

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

	2018 £'000	2017 £'000
Loss on ordinary activities before taxation	<u>(253)</u>	<u>(309)</u>
Taxation on loss on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	(48)	(59)
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	3,154	2,839
- Group relief received	(3,120)	(2,951)
- Deferred tax not recognised	14	171
<b>Total taxation charge for the year</b>	<u>-</u>	<u>-</u>

The Finance Act 2016, which provides for reductions in the main rate of corporation tax from 19% to 17% effective from 1 April 2020 was substantively enacted on 13 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The company has unrecognised deferred tax assets of £248k relating to future payments of loan note interest (2017: £301k).

## Boketto Midco Limited

Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 10. Investments

	2018 £'000	2017 £'000
<b>Cost and net book value</b>		
At 1 January	1,540	1,540
At 31 December	<u>1,540</u>	<u>1,540</u>

#### Subsidiary undertakings

The following were directly held subsidiary undertakings of the company at 31 December 2018:

Company name	Country of incorporation	Principal activity	Class of share	Holding %
Boketto Newco Limited	United Kingdom	Corporate holding company	Ordinary	100

The following were indirectly held subsidiary undertakings of the company at 31 December 2018:

Company name	Country of incorporation	Principal activity	Class of share	Holding %
Boketto Bidco Limited	United Kingdom	Corporate holding company	Ordinary	100
Audley Travel Group Limited	United Kingdom	Tailor-made tour operator	Ordinary	100
Audley Travel, US Inc.	United States of America	Tailor-made tour operator	Ordinary	100
African Journeys Limited	United Kingdom	Dormant	Ordinary	100
Journeyfactory.com Limited	United Kingdom	Dormant	Ordinary	100
Antelope Software Limited	United Kingdom	Dormant	Ordinary	100

The registered address of companies incorporated in the United Kingdom is New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX.

The registered address of Audley Travel, US Inc. is 77 North Washington Street, 6<sup>th</sup> Floor, Boston, MA 02114.

On 29 November 2018, the Board resolved to strike off Journey Factory.com Limited, African Journeys Limited and Antelope Software Limited. The process to strike off these companies completed on 26 March 2019.

#### 11. Trade and other receivables

	2018 £'000	2017 £'000
Loan notes owed by other group undertakings	185,766	185,766
Interest on loan notes owed by other group undertakings	32,461	39,873
Amounts owed by other group undertakings	578	355
	<u>218,805</u>	<u>225,994</u>

The loan notes owed by other group undertakings are unsecured, incur compound interest at a fixed rate of 10% and are repayable on demand. The loan notes were issued at par.

During the year £29,902k of interest was paid by a group undertaking to facilitate the payment of accrued interest on external loan notes (see note 13).

## Boketto Midco Limited

### Annual report and financial statements for the year ended 31 December 2018

#### Notes to the financial statements (continued) for the year ended 31 December 2018

##### 12. Trade and other payables

	2018 £'000	2017 £'000
Accruals	10	-
Amounts owed to other group undertakings	3,957	3,726
	<u>3,967</u>	<u>3,726</u>

Amounts owed to other group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

##### 13. Borrowings

	2018 £'000	2017 £'000
<b>Non-current</b>		
External loan notes	211,844	202,128
Capitalised costs of issue	(2,285)	(2,613)
Interest on external loan notes	6,197	23,418
	<u>215,756</u>	<u>222,933</u>
<b>Loan notes (net of issue costs)</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
After five years	<u>215,756</u>	<u>222,933</u>

The loan notes carry non-cash interest at a fixed rate of 10% and mature on 18 December 2025. The loan notes were issued at par. On 18 October 2018 and 26 November 2018, the company issued PIK notes to the value of £17,511k and £215k respectively (2017: £16,435k) with respect to accrued interest on the loan notes to a shareholder with significant influence. On 30 November 2018, the company paid interest of £29,905k to the loan note holders with respect to a combination of accrued interest and PIK notes. The PIK notes also carry non-cash interest at 10%, and mature on 18 December 2025 and were issued at par.

Costs of £3,279k incurred in arranging and issuing the loan notes were capitalised and are being amortised over the period of the loan notes. See note 8 for the details of the charge to the profit and loss account.

The directors consider that the carrying amount of borrowings approximates to their fair value.

## Boketto Midco Limited

Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 14. Share capital

	2018 Number	2017 Number
<b>At 1 January and 31 December</b>		
Ordinary shares of £0.01 each	154,306,369	154,306,369
	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
<b>Authorised, called up, allotted and fully paid</b>		
154,306,369 ordinary shares of £0.01 each	1,543	1,543

#### *Reserves*

Accumulated losses include the cumulative results for the company to date.

#### 15. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Boketto Holdco Limited, the immediate parent company. The ultimate controlling party is Boketto Holdco Limited, incorporated in England and Wales, which is the smallest and largest group in which the results of the company are consolidated.

The consolidated financial statements of this group are available to the public and may be obtained from New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX.

