

Registration number: 09809961

# Tour Partner Group Midco Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2018

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# Tour Partner Group Midco Limited

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# Tour Partner Group Midco Limited

## Company Information

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<b>Directors</b>	P J Maine
	M D Mayhew
	M Pharoah
	G S Marchant
<b>Registered office</b>	Hygeia Building 5th Floor 66-68 College Road Harrow Middlesex HA1 1BE
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

## Tour Partner Group Midco Limited

### Strategic Report for the Year Ended 31 December 2018

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The directors present their strategic report, together with the financial statements, for the year ended 31 December 2018.

#### Principal activity

The principal activity of the company is that of an intermediate holding company for its investments. The principal activity of the group of which the company is the parent is that of travel consultants and agents.

#### Fair review of the business

During the year, the group traded in line with expectation in each of its core markets and across its business lines. 2018 was the first full year that Irish Welcome Tours Limited, Trans Nordic Tours ApS and Winebookings.com LLC traded as part of the group. There were restructuring and integration activities at these companies during the year to align operational activities more closely to those of other group companies and to support the framework for future synergy activity. The group continued to invest strongly in staff to support new business development in its current and new source markets to broaden activity beyond its traditional German source market.

The group continues to diversify both its source and destination market proposition in the Business to Business environment and has broadened its product portfolio beyond core 20 – 50 passenger groups to include FIT (Frequent Independent Traveller) and MICE (Meetings, Incentives, Conferences and Events) across its operating subsidiaries. In addition, the group operates Business to Consumer holidays under its Authentic Vacations brand in the USA, offering authentic holidays direct to American consumers in Ireland and the UK.

The group and its subsidiaries are tasked with executing a strategy for growth underpinned by diversification into new source and destination markets, targeting organic and acquisitive growth. Acquisitions are made to enable accelerated growth and broaden the destination market expertise across the UK, Ireland and the Nordic region.

On 18 December 2018, the group and its subsidiaries acquired Experience Scotland Conferences and Incentives Limited Ltd, a company registered in Scotland. The acquisition was funded through loan notes and cash.

The group and its subsidiary companies will continue to consider further acquisitive opportunities if deemed appropriate in supporting current strategic objectives.

For the period 1 January 2018 to 31 December 2018 the gross profit for the group was €24,285,861 (prior period 14 months to 31 December 2017 - €12,510,996) on turnover of €108,259,722 (2017 - €52,973,199), a return on sales of 22.4% (2017 - 23.6%).

The year end consolidated balance sheet shows net liabilities of €9,620,287 (2017 - €6,947,923). The adverse movement is largely a result of interest payments on bank loans and loan notes.

	€
Net liabilities at 1 January 2018	(6,947,923)
Operating profit	2,039,529
Foreign currency translation differences	458,142
Net interest payable	(4,078,268)
Tax	<u>(1,091,767)</u>
Net liabilities at 31 December 2018	<u>(9,620,287)</u>

## Tour Partner Group Midco Limited

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

The group's key financial and other performance indicators during the year were as follows:

		12 months to 31 December 2018	14 months to 31 December 2017
	Unit		
Sales	€'000	108,260	52,973
Gross profit	€'000	24,286	12,511
Operating profit/(loss) before fair value adjustments	€'000	2,487	(3,669)
Operating profit/( loss) post fair value adjustments	€'000	2,040	(1,540)

The group considers its earnings profile before interest, tax, depreciation, amortisation and non-recurring items position to be:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Operating profit/(loss) for the reported period	2,039,529	(1,539,728)
Fair value adjustments for open forward contracts	447,197	(2,128,927)
Depreciation of tangible fixed assets	585,953	346,182
Amortisation of intangible fixed assets	7,347,639	4,766,361
Non-recurring items (1)	954,704	1,755,049
Investor and non executive fees	270,475	240,838
Non trading loan revaluation	378,646	-
Operating loss for the period from 1 November 2016 to 31 December 2016	-	1,184,000
<b>EBITDA for the 12 months to 31 December 2018/ Annualised</b>	<b>12,024,143</b>	<b>4,623,775</b>
<b>EBITDA for the 14 months to 31 December 2017</b>		

(1) This includes professional & advisory fees in relation to merger and acquisition activity, structural legal and reorganisational costs, exceptional legal costs and operational charges supporting changes of personnel, in the period ended 31 December 2018 and 31 December 2017, which are considered as non-recurring and therefore exceptional to the operational activities in the current trading period. These consist of the following:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Business advisory fees - M&A activity	271,992	1,158,158
Other non-recurring legal costs	73,764	263,514
Other non-recurring consultancy charges	192,293	155,729
Other non-recurring operational costs	416,655	177,648
	<b>954,704</b>	<b>1,755,049</b>

## Tour Partner Group Midco Limited

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

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#### **Financing**

##### **Bank loans**

During the current period, the group extended its existing acquisition facility by €5.6m, making available a €19m acquisition facility in total under the restated and amended acquisition facility dated 10 December 2018. The acquisition facility is available to drawn in Euros. At the same time, the group also extended the revolving credit facility from £1m to £5m.

As at 31 December 2018 €16.4m of the €19m acquisition facility had been drawn to fund acquisitions, including the current year acquisition of Experience Scotland Incentives and Events Limited. This loan is repayable in six instalments starting in January 2020, with the final instalment being repayable in July 2023.

As part of the available facilities, the group drew down £2,750,000, being the defined revolving credit facility. The loan was drawn to support the low season working capital needs of the group. The loan was repaid in full in FY 2019.

##### **Other loans**

The notes accrue interest at a rate of either 10% or 12% per annum and, if not previously redeemed, then the principal and any accrued interest will be repaid by the group in full on sale or, if earlier, on the following dates for the various loan notes: 31 January 2024 (A1, A2, A3, A4 & A5 Loan notes), and 31 December 2022 (B7 Loan notes).

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

Ongoing uncertainty surrounding the UK's future relationship with the EU has resulted in marginally lower levels of enquiries from EU customers for travel to the UK in 2019. This reduction has been mitigated by the development of other non-EU source markets for the UK business and strengthening the group's destination market portfolio following the acquisition of Trans Nordic Tours ApS and Irish Welcome Tours Limited.

The UK business employs students on the Erasmus scheme to support its business activities, particularly during the summer months. Pending the outcome of Brexit, the benefits of this scheme may or may not be available to the UK business.

The group is a net recipient of EUR and incurs costs in GBP, EUR, NOK, ISK and SEK. The group hedges 70% - 80% of its projected forward currency requirement at the start of each year.

#### **Financial risk management**

##### **Objectives and policies**

The group is exposed to a variety of financial risks including credit, price, liquidity and foreign currency risk. The group has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company.

## Tour Partner Group Midco Limited

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

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#### ***Price risk, credit risk, liquidity risk and cash flow risk***

##### Foreign currency risk

The group entities are exposed to foreign currency risk on operations by virtue of entering into transactions in currencies other than their functional currency. In order to manage the risk the group, when considered appropriate, uses currency accounts and forward contracts as part of a robust foreign exchange hedging strategy. The group will continue to use currency accounts, forward contracts or any other derivative product considered adequate to protect against the risk of unfavourable currency movements.

##### Liquidity risk

The group is financed through an appropriate level of cash that is generated from retained earnings, profits generated in the period and loans. The directors consider that the group has the appropriate funding to meet the needs of the business.

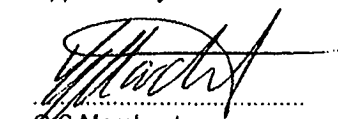
##### Credit risk

The group operates tight debt control processes, and evaluates the credit risk profiles of all customers, supported by an independent third party credit risk provider.

##### Price risk

The group and its subsidiaries manages price risk by entering into bulk purchase transactions as far in advance as possible and will vary the rates they charge in line with overheads and other costs as necessary.

Approved by the Board on 4 July 2019 and signed on its behalf by:

  
G S Marchant  
Director

## Tour Partner Group Midco Limited

### Directors' Report for the Year Ended 31 December 2018

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

#### **Directors of the group**

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

P J Maine

M D Mayhew

M Pharoah

J Waldron (resigned 30 January 2018)

The following director was appointed after the year end:

G S Marchant (appointed 21 May 2019)

#### **Future developments**

The group will continue to diversify both its source and destination market proposition in the Business to Business environment and develop its product to broaden product appeal. The acquisition of Experience Scotland in December 2018 illustrates the group's commitment to growing through acquisition as well as organically. The group has the full support of its investors to make strategic acquisitions that complement the existing business.

#### **Employment of disabled persons**

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

#### **Employee involvement**

The group maintains an HR intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the group. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the group also undertakes a biennial staff survey to canvas views on significant matters.

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

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 4. These matters relate to the principal activity of the company, business review, key performance indicators, and financial risk management.

## Tour Partner Group Midco Limited

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

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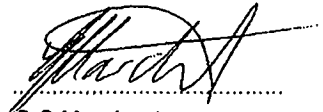
#### **Disclosure of information to the auditor**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 4 July 2019 and signed on its behalf by:



G S Marchant  
Director

## Tour Partner Group Midco Limited

### Statement of Directors' Responsibilities

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The directors acknowledge their responsibilities for preparing the Strategic Report, 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 group and company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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 and apply them consistently;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Members of Tour Partner Group Midco Limited

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### Opinion

We have audited the financial statements of Tour Partner Group Midco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Company Statement of Changes in Equity, Consolidated 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 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 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's 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.

## Independent Auditor's Report to the Members of Tour Partner Group Midco Limited (continued)

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We have nothing to report in this regard.

### **Opinion on other matter 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 have been prepared in accordance with applicable legal requirements.

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

In the light of our 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 the Directors' Report.

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

- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities [set out on page 8], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent Auditor's Report to the Members of Tour Partner Group Midco 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

.....  
Dominic Stammers (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: *4 July 2017*

## Tour Partner Group Midco Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2018

		Year to 31 December 2018 €	14 months to 31 December 2017 €
	Note		
Turnover	3	108,259,722	52,973,199
Cost of sales		<u>(83,973,861)</u>	<u>(40,462,203)</u>
Gross profit		24,285,861	12,510,996
Administrative expenses		<u>(21,799,135)</u>	<u>(16,179,651)</u>
Operating profit/(loss) before fair value adjustments	4	2,486,726	(3,668,655)
Fair value adjustment for open fair value adjustments		<u>(447,197)</u>	<u>2,128,927</u>
Operating profit/(loss)	4	2,039,529	(1,539,728)
Other interest receivable and similar income	6	22	3,059
Interest payable and similar expenses	7	<u>(4,078,290)</u>	<u>(2,256,502)</u>
Loss before tax		(2,038,739)	(3,793,171)
Taxation	10	<u>(1,091,767)</u>	<u>(165,056)</u>
Loss for the financial year		<u><u>(3,130,506)</u></u>	<u><u>(3,958,227)</u></u>

The above results were derived from continuing operations.

Tour Partner Group Midco Limited

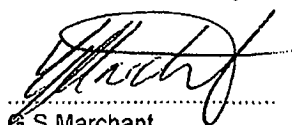
Consolidated Statement of Comprehensive Income for the Year Ended  
31 December 2018

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Loss for the year	(3,130,506)	(3,958,227)
Foreign currency translation differences	458,142	126,232
Total comprehensive income for the year	<u>(2,672,364)</u>	<u>(3,831,995)</u>

**Tour Partner Group Midco Limited**  
(Registration number: 09809961)  
**Consolidated Balance Sheet as at 31 December 2018**

	Note	2018 €	2017 €
<b>Fixed assets</b>			
Intangible assets	11	64,529,245	67,560,151
Tangible assets	12	<u>1,217,765</u>	<u>946,582</u>
		<u>65,747,010</u>	<u>68,506,733</u>
<b>Current assets</b>			
Debtors	15	4,320,888	3,187,182
Cash at bank and in hand	16	<u>2,456,484</u>	<u>3,058,078</u>
		6,777,372	6,245,260
<b>Creditors: Amounts falling due within one year</b>	17	<u>(16,628,999)</u>	<u>(21,288,252)</u>
<b>Net current liabilities</b>		<u>(9,851,627)</u>	<u>(15,042,992)</u>
<b>Total assets less current liabilities</b>		55,895,383	53,463,741
<b>Creditors: Amounts falling due after more than one year</b>	17	(56,676,035)	(50,605,908)
<b>Provisions for liabilities</b>	20	<u>(8,839,635)</u>	<u>(9,805,756)</u>
<b>Net liabilities</b>		<u>(9,620,287)</u>	<u>(6,947,923)</u>
<b>Capital and reserves</b>			
Called up share capital	22	1	1
Profit and loss account	23	<u>(9,620,288)</u>	<u>(6,947,924)</u>
<b>Total equity</b>		<u>(9,620,287)</u>	<u>(6,947,923)</u>

The financial statements were approved and authorised for issue by the Board on 4 July 2019 and signed on its behalf by:



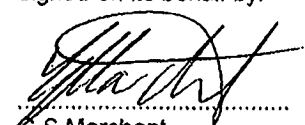
G S Marchant  
Director

**Tour Partner Group Midco Limited**  
**(Registration number: 09809961)**  
**Company Balance Sheet as at 31 December 2018**

	<b>Note</b>	<b>2018 €</b>	<b>2017 €</b>
<b>Fixed assets</b>			
Investments	13	1	1
<b>Current assets</b>			
Debtors	15	27,729,018	25,362,768
Cash at bank and in hand		-	23
		<u>27,729,018</u>	<u>25,362,791</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(3,164,602)</u>	<u>(3,003,415)</u>
<b>Net current assets</b>		<u>24,564,416</u>	<u>22,359,376</u>
<b>Total assets less current liabilities</b>		24,564,417	22,359,377
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(25,359,900)</u>	<u>(22,914,673)</u>
<b>Net liabilities</b>		<u>(795,483)</u>	<u>(555,296)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Profit and loss account		<u>(795,484)</u>	<u>(555,297)</u>
<b>Total equity</b>		<u>(795,483)</u>	<u>(555,296)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The company made a loss after tax for the financial year of €284,607. (2017 - loss of €341,567).

The financial statements were approved and authorised for issue by the Board on 4 July 2019 and signed on its behalf by:

  
 G S Marchant  
 Director

Tour Partner Group Midco Limited

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

	Share capital €	Profit and loss account €	Total equity €
At 1 January 2018	1	(6,947,924)	(6,947,923)
Loss for the year	-	(3,130,506)	(3,130,506)
Other comprehensive income	-	458,142	458,142
Total comprehensive income	-	(2,672,364)	(2,672,364)
At 31 December 2018	1	(9,620,288)	(9,620,287)

	Share capital €	Profit and loss account €	Total equity €
At 1 November 2016	1	(3,136,656)	(3,136,655)
Loss for the year	-	(3,958,227)	(3,958,227)
Other comprehensive income	-	126,232	126,232
Total comprehensive loss	-	(3,831,995)	(3,831,995)
<b>Contributions by and distributions to owners</b>			
Capital contribution received	-	20,727	20,727
At 31 December 2017	1	(6,947,924)	(6,947,923)

Tour Partner Group Midco Limited

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

	Share capital €	Profit and loss account €	Total €
At 1 January 2018	1	(555,297)	(555,296)
Loss for the year	-	(284,607)	(284,607)
Other comprehensive income	-	44,420	44,420
Total comprehensive income	-	(240,187)	(240,187)
At 31 December 2018	1	(795,484)	(795,483)

	Share capital €	Profit and loss account €	Total €
At 1 November 2016	1	(217,084)	(217,083)
Loss for the year	-	(341,567)	(341,567)
Other comprehensive income	-	3,354	3,354
Total comprehensive income	-	(338,213)	(338,213)
At 31 December 2017	1	(555,297)	(555,296)

# Tour Partner Group Midco Limited

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

		Year to 31 December 2018 €	14 months to 31 December 2017 €
	Note		
<b>Cash flows from operating activities</b>			
Loss for the year		(3,130,506)	(3,958,227)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	7,933,592	5,112,543
Fair value adjustments	4	447,197	(2,128,927)
Profit on disposal of tangible assets	4	-	(1,180,557)
Finance income	6	(22)	(3,059)
Finance costs	7	4,078,290	2,432,936
Income tax expense	10	1,091,767	165,056
Foreign exchange differences		<u>(328,232)</u>	<u>(27,405)</u>
		10,092,086	412,360
Working capital adjustments			
(Increase)/decrease in trade debtors	15	(361,398)	4,339,738
Decrease in trade creditors	17	<u>(1,142,061)</u>	<u>(7,083,963)</u>
Cash generated from operations		8,588,627	(2,331,865)
Income taxes paid	10	<u>(726,277)</u>	<u>(267,168)</u>
<b>Net cash flow from operating activities</b>		<u>7,862,350</u>	<u>(2,599,033)</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	11	(605,615)	(47,977)
Acquisitions of tangible assets	12	(763,404)	(650,483)
Proceeds from sale of tangible assets		90,254	1,191,507
Purchase of subsidiary undertakings	14	(9,729,554)	(38,140,000)
Cash acquired with subsidiary undertakings	14	640,244	12,669,893
Interest received		<u>22</u>	<u>3,059</u>
<b>Net cash flows from investing activities</b>		<u>(10,368,053)</u>	<u>(24,974,001)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowing draw downs		4,565,972	14,926,500
Repayment of bank borrowing		(807,722)	(429,641)
Proceeds from other borrowing draw downs		-	14,821,167
Arrangement fees on bank loans		-	(261,625)
Interest paid	7	<u>(1,631,774)</u>	<u>(939,728)</u>
<b>Net cash flows from financing activities</b>		<u>2,126,476</u>	<u>28,116,673</u>
<b>Net increase in cash and cash equivalents</b>		(379,227)	543,639
Cash and cash equivalents at 1 January		3,058,078	3,169,034

The notes on pages 20 to 47 form an integral part of these financial statements.

Tour Partner Group Midco Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December  
2018 (continued)

		Year to 31 December 2018 €	14 months to 31 December 2017 €
	Note		
Effect of exchange rate fluctuations on cash held		<u>(222,367)</u>	<u>(654,595)</u>
Cash and cash equivalents at 31 December		<u>2,456,484</u>	<u>3,058,078</u>

## Tour Partner Group Midco Limited

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

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#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Hygeia Building 5th Floor  
66-68 College Road  
Harrow  
Middlesex  
HA1 1BE

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Euros. The company's functional currency is the pound sterling.

##### **Summary of disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:.

- from disclosing the company key management personnel compensation;
- from disclosing transactions with other wholly owned entities for the period that they form part of the same group;
- from preparing a statement of cash flows for the single company and the related notes on the basis that it is a qualifying entity as these consolidated financial statements include the company's cash flows; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A, and paragraphs 12.26 to 12.29, including:

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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

- categories of financial instruments;
- items of income, expenses, gains or losses relating to financial instruments; and
- exposure to management of financial risks.

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2018.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Disclosure of long or short period**

The current accounting period is for the year to 31 December 2018. The comparative period reflected in these financial statements is the 14 months ended 31 December 2017.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements

##### Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised on the dated of customer arrival.

##### Finance income and costs policy

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

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.

##### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the results of overseas operations are translated into Euros 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.

##### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### Tangible 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.

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 profit and loss account.

#### Depreciation

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 as follows:

Asset class	Depreciation method and rate
Leasehold improvements	straight line over the lease period
Furniture, fittings and equipment	20% - 33% straight line basis

#### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### Intangible assets

Customer, contract, marketing and software intangibles

Identifiable and separable intangible assets have been recognised on the acquisition of subsidiaries within the group. Such intangible assets are measured at cost or initial fair value, less amortisation. Amortisation is provided at rates calculated to write off the cost of fixed assets, less their stimulated residual value, over their expected useful lives.

Customised integrated software solutions have been created for the group which have been capitalised and are depreciated over 5 years. Internally generated intangible assets are recognised 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.

##### Website development

Website development costs are initially recognised at cost. After recognition, under the cost model, these are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life on a straight line basis as follows:

Asset class	Amortisation method and rate
Goodwill	10 years
Customer related	7-14 years
Contract based	2 years
Marketing related	10-12 years
Computer software	5 years
Website development	3 years

##### Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

##### 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

##### Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Derivative financial instruments

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss. The company does not currently apply hedge accounting for foreign exchange derivatives.

##### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### Financial instruments

###### *Classification*

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, cash at bank, loans from banks and other third parties, loans to and from related parties, leases and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

###### *Recognition and measurement*

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

###### *Impairment*

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Critical accounting judgements and estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The significant area of judgement and estimation for the group are as follows:

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 2 Accounting policies (continued)

##### *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.
- Determine whether software development costs should be capitalised or expensed. Software development costs have been capitalised where future economic benefit is expected to be derived from the investment.

##### *Estimations*

- Intangible and tangible fixed assets, are amortised or 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.
- Trade debtors and accrued income relating to amounts falling due from customers are assessed regularly for potential bad debts. Factors considered include the period overdue and discussions with the customers to date, sales terms, payments history and future services.
- Tour costs are accrued in line with contractual commitments with providers and are recognised in the statement of comprehensive income on the same basis as turnover. Invoices are received periodically from service providers. In the interim period accrued costs are based on expected invoice values.
- When the group acquires a business, the fair value of acquired tangible and intangible assets needs to be estimated by management.

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Rendering of services	<u>108,259,722</u>	<u>52,973,199</u>

The analysis of the group's turnover for the year by market is as follows:

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 3 Revenue (continued)

	Year to 31 December 2018 €	14 months to 31 December 2017 €
UK	35,258,409	34,014,578
Europe	66,478,738	16,587,171
Rest of world	6,522,575	2,371,450
	<u>108,259,722</u>	<u>52,973,199</u>

#### 4 Operating profit/(loss)

Arrived at after charging/(crediting)

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Depreciation expense	585,953	346,182
Amortisation expense	7,347,639	4,766,361
Foreign exchange (gains)/losses	(365,274)	1,252,613
Operating lease expense - property	491,929	274,153
Profit on disposal of property, plant and equipment	-	(1,180,557)
Fair value adjustments for open forward contracts	447,197	(2,128,927)
Exceptional administrative expenses	<u>795,704</u>	<u>1,995,887</u>

Exceptional administrative expenses for 2018 include professional and advisory fees in relation to merger and acquisition activity, structural legal and reorganisational costs, exceptional legal costs and operational charges supporting changes of personnel.

Exceptional administrative expenses for 2017 are costs relating to the acquisitions of Irish Welcome Tours Limited, Winebookings.com LLC and Trans Nordic Tours ApS.

# Tour Partner Group Midco Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 5 Auditor's remuneration

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Audit of these financial statements	14,690	14,690
Audit of the financial statements of subsidiaries of the company pursuant to legislation	88,147	95,366
	<u>102,837</u>	<u>110,056</u>
<b>Other fees to auditor</b>		
Taxation compliance services	15,628	16,785
All other non-audit services	53,917	23,547
	<u>69,545</u>	<u>40,332</u>

### 6 Other interest receivable and similar income

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Interest income on bank deposits	<u>22</u>	<u>3,059</u>

### 7 Interest payable and similar expenses

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Interest on bank overdrafts and borrowings	1,267,704	673,965
Interest on loan notes	2,635,494	1,140,755
Amortisation of finance costs	135,338	432,727
Interest on obligations under finance leases and hire purchase contracts	-	430
Other finance costs	39,754	8,625
	<u>4,078,290</u>	<u>2,256,502</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Wages and salaries	9,345,826	4,711,810
Social security costs	721,806	600,855
Pension costs, defined contribution scheme	284,057	104,981
	<u>10,351,689</u>	<u>5,417,646</u>

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

	Year to 31 December 2018 No.	14 months to 31 December 2017 No.
Administration and support	<u>240</u>	<u>186</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Remuneration	495,130	601,226
Contributions paid to money purchase schemes	11,304	10,960
	<u>506,434</u>	<u>612,186</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year to 31 December 2018 No.	14 months to 31 December 2017 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 9 Directors' remuneration (continued)

In respect of the highest paid director:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Remuneration	226,087	204,135
Company contributions to money purchase pension schemes	<u>11,304</u>	<u>8,054</u>

#### 10 Taxation

Tax charged/(credited) in the income statement

	Year to 31 December 2018 €	14 months to 31 December 2017 €
<b>Current taxation</b>		
UK corporation tax	1,606,675	765,777
UK corporation tax adjustment to prior periods	<u>(52,604)</u>	<u>(325,224)</u>
	1,554,071	440,553
Foreign tax	<u>504,036</u>	<u>96,158</u>
Total current income tax	<u>2,058,107</u>	<u>536,711</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(966,984)	(541,823)
Arising from changes in tax rates	-	(331,359)
Adjustment for prior period	<u>644</u>	<u>501,527</u>
Total deferred taxation	<u>(966,340)</u>	<u>(371,655)</u>
Tax expense in the income statement	<u>1,091,767</u>	<u>165,056</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.36%).

The differences are reconciled below:

	Year to 31 December 2018 €	14 months to 31 December 2017 €
Loss before tax	<u>(2,038,739)</u>	<u>(3,793,171)</u>
Corporation tax at standard rate	(387,360)	(734,358)
Expenses not deductible for tax purposes	1,014,790	710,473
Deferred tax relating to changes in tax rates	69,111	(107,237)
Impact of change in tax rates	-	(123,531)
Difference in overseas tax rates	9,984	(25,638)
Deferred tax not recognised	437,202	331,338
Adjustment in respect of prior periods - deferred tax	644	-
Adjustment in respect of prior periods - corporation tax	(52,604)	126,849
Tax decrease arising from group relief	<u>-</u>	<u>(12,840)</u>
Total tax charge	<u>1,091,767</u>	<u>165,056</u>

The main rate of UK corporation tax has decreased from 20% to 19% from 1 April 2017. From 1 April 2020 this main rate of UK corporation tax will further decrease to 17% as substantively enacted on 6 September 2016.

#### Deferred tax

##### Group

Deferred tax assets and liabilities

Year to 31 December 2018	Liability €
Accelerated capital allowances	77,440
Other short term timing differences	92,542
Intangibles	<u>8,670,707</u>
	<u>8,840,689</u>

Tour Partner Group Midco Limited

Notes to the Financial Statements for the Year Ended 31 December  
2018 (continued)

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10 Taxation (continued)

14 months to 31 December  
2017

Liability  
€

Accelerated capital allowances  
Other short term timing differences  
Intangibles

36,425  
82,862  
9,686,469  
9,805,756

Tour Partner Group Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Intangible assets - group

	Goodwill on consolidation €	Computer software €	Customer related €	Website €	Marketing related €	Contract related €	Total €
<b>Cost or valuation</b>							
At 1 January 2018	18,847,711	391,000	46,485,193	397,172	8,614,419	770,785	75,506,280
Additions acquired separately	-	586,885	-	18,730	-	-	605,615
Acquired through business combinations (note 14)	3,869,494	-	-	-	-	-	3,869,494
Foreign exchange movements	(126,528)	(8,480)	(112,158)	-	(18,960)	(7,527)	(273,653)
At 31 December 2018	<u>22,590,677</u>	<u>969,405</u>	<u>46,373,035</u>	<u>415,902</u>	<u>8,595,459</u>	<u>763,258</u>	<u>79,707,736</u>
<b>Amortisation</b>							
At 1 January 2018	2,779,206	32,583	3,875,092	41,227	516,109	701,912	7,946,129
Amortisation charge	2,116,673	104,295	4,192,562	57,373	833,236	43,500	7,347,639
Foreign exchange movements	(44,695)	(377)	(56,599)	(498)	(5,581)	(7,527)	(115,277)
At 31 December 2018	<u>4,851,184</u>	<u>136,501</u>	<u>8,011,055</u>	<u>98,102</u>	<u>1,343,764</u>	<u>737,885</u>	<u>15,178,491</u>
<b>Carrying amount</b>							
At 31 December 2018	<u>17,739,493</u>	<u>832,904</u>	<u>38,361,980</u>	<u>317,800</u>	<u>7,251,695</u>	<u>25,373</u>	<u>64,529,245</u>
At 31 December 2017	<u>16,068,505</u>	<u>358,417</u>	<u>42,610,101</u>	<u>355,945</u>	<u>8,098,310</u>	<u>68,873</u>	<u>67,560,151</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### 11 Intangible assets - group (continued)

Customer related intangible assets consist of the customer lists owned by Hotels & More Limited, Irish Welcome Tours Limited and Trans Nordic Tours ApS. Customer related intangible assets are being amortised over the directors' estimate of useful life of 7-14 years.

Contract based intangible assets represent the value of rights that arise from contractual arrangements. This includes non-compete agreements. Contract based intangibles are being amortised over the length of the contract for 2 years.

Marketing related intangible assets are defined as those assets that are primarily used in the marketing of promotion of products or services. Such assets included the tradenames of Hotels & More Limited, Irish Welcome Tours Limited, Winebookings.com LLC and Trans Nordic Tours ApS. Marketing related intangible assets are being amortised over the directors' estimate of useful life of 10-12 years.

Computer software represents the value of the rights to internally generated software owned by Winebookings.com LLC at acquisition. Computer software is being amortised over the directors' estimate of useful life of 5 years.

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of acquired businesses, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit the useful life and assumptions that market participants would consider in respect of similar businesses.

During the year the group recognised goodwill of €1,097,610 in relation to its acquisition of Experience Scotland Conference and Incentives Limited, and €2,538,906 additional goodwill in respect of Trans Nordic Tours acquired in 2017 as detailed in note 14.

Amortisation of intangibles is included in administrative expenses

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 12 Tangible assets

##### Group

	Land and buildings €	Furniture, fittings and equipment €	Total €
<b>Cost or valuation</b>			
At 1 January 2018	156,633	1,293,063	1,449,696
Additions	5,860	763,422	769,282
Disposals	-	(114,258)	(114,258)
Foreign exchange movements	27,837	332,730	360,567
At 31 December 2018	<u>190,330</u>	<u>2,274,957</u>	<u>2,465,287</u>
<b>Depreciation</b>			
At 1 January 2018	44,980	458,134	503,114
Charge for the year	21,634	564,319	585,953
Eliminated on disposal	-	(24,004)	(24,004)
Foreign exchange movements	11,412	171,047	182,459
At 31 December 2018	<u>78,026</u>	<u>1,169,496</u>	<u>1,247,522</u>
<b>Carrying amount</b>			
At 31 December 2018	<u>112,304</u>	<u>1,105,461</u>	<u>1,217,765</u>
At 31 December 2017	<u>111,653</u>	<u>834,929</u>	<u>946,582</u>

Included within the net book value of land and buildings above is €Nil (2017 - €Nil) in respect of long leasehold land and buildings €112,304 (2017 - €111,653) in respect of short leasehold land and buildings.

#### 13 Investments

##### Company

	2018 €	2017 €
Investments in subsidiaries	<u>1</u>	<u>1</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 13 Investments (continued)

<b>Subsidiaries</b>	<b>€</b>
<b>Cost or valuation</b>	
At 1 January 2018 and 31 December 2018	<u>1</u>
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

Experience Scotland Conference and Incentives Limited was acquired by Tour Partner Group Limited, a wholly owned subsidiary of the group, on 14 December 2018. Details of the acquisition are given in note 14.

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Tour Partner Group Limited	5th Floor Hygeia Building, 66-68 College Road, Harrow, Middlesex, HA1 1BE England and Wales	ordinary shares	100%	100%
Irish Welcome Tours Limited	66 Fitzwilliam Square, Dublin 2 Republic of Ireland	ordinary shares	100%	100%
Winebookings.com LLC	3785 Brickway Blvd, Santa Rosa, CA 95403 USA	ordinary shares	100%	100%
Hotels and More Limited	5th Floor Hygeia Building, 66-68 College Road, Harrow, Middlesex, HA1 1BE England and Wales	ordinary shares	100%	100%
Hotels and More (International) Limited*	5th Floor Hygeia Building, 66-68 College Road, Harrow, Middlesex, HA1 1BE England and Wales	ordinary shares	100%	100%
Tour Partner ApS*	Hans Edvard Teglers Vej 3, 1, 2920 Charlottenlund	ordinary shares	100%	100%

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 13 Investments (continued)

	Denmark			
Trans Nordic Tours ApS**	Hans Edvard Teglers Vej 3, 1, 2920 Charlottenlund Denmark	ordinary shares	100%	100%
Experience Scotland Conference and Incentives Limited ***	2 West Street, Penicuik, Midlothian, EH26 9DL Scotland	ordinary shares	100%	0%

The principal activity of Tour Partner Group Limited is that of an intermediate holding company.

The principal activity of Irish Welcome Tours Limited is that of a tour operator.

The principal activity of Winebookings.com LLC is that of a travel agency.

The principal activity of Hotels and More Limited is that of a travel consultant and agent.

The principal activity of Hotels and More (International) Limited\* is that of a dormant intermediate company.

The principal activity of Tour Partner ApS\* is that of an intermediate holding company.

The principal activity of Trans Nordic Tours ApS\*\* is that of a travel consultant and agent.

The principal activity of Experience Scotland Conference and Incentives Limited \*\*\* is that of a travel consultant and agent.

\* owned 100% by Hotels and More Limited.

\*\* owned 100% by Tour Partner ApS.

\*\*\* owned 100% by Tour Partner Group Limited.

#### 14 Business combinations

On 14 December 2018, Tour Partner Group Limited acquired 100% of the issued share capital of Experience Scotland Conference and Incentives Limited obtaining control.

Experience Scotland Conference and Incentives Limited contributed €nil revenue and €(68,646) loss to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 14 Business combinations (continued)

	Book value 2018 €	Revaluation adjustments 2018 €	Fair value 2018 €
<b>Assets and liabilities acquired</b>			
Financial assets	1,426,150	-	1,426,150
Tangible assets	5,878	-	5,878
Financial liabilities	(851,610)	-	(851,610)
Total identifiable assets	580,418	-	580,418
Goodwill	-	1,330,588	1,330,588
Total consideration	580,418	1,330,588	1,911,006
<b>Satisfied by:</b>			
Cash	604,887	-	604,887
Intercompany debt	344,148	-	344,148
Debt instruments	280,382	-	280,382
Contingent consideration arrangement	232,978	-	232,978
Deferred consideration	448,611	-	448,611
Total consideration transferred	1,911,006	-	1,911,006
<b>Cash flow analysis:</b>			
Cash consideration	604,887	-	604,887
Less: cash and cash equivalent balances acquired	(640,244)	-	(640,244)
Net cash outflow arising on acquisition	(35,357)	-	(35,357)

The useful life of goodwill is 10 years.

In addition, the group settled the deferred and contingent consideration due in the year in respect of the acquisition of Trans Nordic Tours ApS in November 2017. The total consideration paid in the year was €9,124,667, compared to €7,118,999 accrued in the 2017 financial statements. Accordingly, the additional consideration of €2,005,668, together with €533,238 relating to the correction of the provisional acquisition accounting, has been recognised as goodwill in the year.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 15 Debtors

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Trade debtors	1,400,238	1,020,434	-	-
Amounts owed by group undertakings	-	-	27,729,018	25,362,768
Other debtors	1,142,087	690,704	-	-
Other tax and social security	566,428	557,368	-	-
Prepayments	1,212,135	918,676	-	-
	<u>4,320,888</u>	<u>3,187,182</u>	<u>27,729,018</u>	<u>25,362,768</u>

Trade debtors are stated after provisions for impairment of €77,223 (2017 - €23,386).

Amounts due from group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

#### 16 Cash and cash equivalents

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Cash at bank	<u>2,456,484</u>	<u>3,058,078</u>	<u>-</u>	<u>23</u>

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 17 Creditors

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>Due within one year</b>				
Loans and borrowings	608,466	674,985	-	-
Trade creditors	2,408,579	2,775,741	-	-
Amounts owed to parent undertaking	2,579,706	2,812,208	151,467	137,208
Amounts owed to other group undertakings	-	-	3,013,135	2,866,207
Corporation tax liability	1,663,710	297,741	-	-
Social security and other taxes	969,746	1,269,165	-	-
Fair value of forward currency contracts	798,612	533,939	-	-
Other creditors	2,365,453	9,055,599	-	-
Accruals and deferred income	5,234,727	3,868,874	-	-
	<u>16,628,999</u>	<u>21,288,252</u>	<u>3,164,602</u>	<u>3,003,415</u>
<b>Due after one year</b>				
Loans and borrowings	<u>56,676,035</u>	<u>50,605,908</u>	<u>25,359,900</u>	<u>22,914,673</u>

Included within other creditors there is a balance of €nil (2017 - €7,118,999) which relates to the deferred and contingent consideration on the acquisition of 100% of the share capital of Trans Nordic Tour ApS through its wholly owned subsidiary Tour Partner ApS. The contingent consideration was settled during the year as detailed in note 14.

Other creditors for the current year includes €681,589 in respect of the deferred and contingent consideration on the acquisition of 100% of the share capital of Experience Scotland Conference and Incentives Limited (see note 14).

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

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 18 Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>Non-current loans and borrowings</b>				
Bank borrowings	31,316,135	27,691,235	-	-
Other borrowings	25,359,900	22,914,673	25,359,900	22,914,673
	<u>56,676,035</u>	<u>50,605,908</u>	<u>25,359,900</u>	<u>22,914,673</u>

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>Current loans and borrowings</b>				
Bank borrowings	608,466	668,326	-	-
Finance lease liabilities	-	6,659	-	-
	<u>608,466</u>	<u>674,985</u>	<u>-</u>	<u>-</u>

#### Bank borrowings

During 2016, the group borrowed funds from its bankers under two term loans of £4,200,000 and £8,800,000 respectively. The first loan is repayable in instalments, with the final instalment being repayable in July 2022 and the second loan is repayable in total in July 2023. The first loan accrues interest at a variable rate equivalent to LIBOR plus 3.5% and the second loan accrues interest at a variable rate equivalent to LIBOR plus 4%. Issue costs of £617,500 were incurred, which have been deducted from the initial carrying value and will be charged to the income statement as part of the interest charge calculated using the effective interest rate.

During 2017, the group borrowed further funds from its bankers under a term loan of €13,800,000. This loan is repayable in instalments starting in January 2020, with the final instalment being repayable in July 2023. The loan accrues interest at a variable rate equivalent to LIBOR plus 3.5%. Issue costs of €261,625 were incurred, which have been deducted from the initial carrying value and will be charged to the income statement as part of the interest charge calculated using the effective interest rate. This term loan facility was increased to €19.4m in December 2018 and as at the year end €16.4m of the facility had been drawn. Issue costs of €157,000 were incurred. These fees have been treated in line with the original issue costs.

The revolving credit facility was increased to £5m in December 2018. As at 31 December 2018 £2,750,000 has been drawn down and has been repaid subsequent to the balance sheet date in May 2019. The facility incurs a fixed 1.4% non-utilisation fee whilst not drawn, and when drawn incurs accrued interest at a fixed rate of 3.5%.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 18 Loans and borrowings (continued)

##### Other loans

Other loans relate to loan notes issued by the company to shareholders of the ultimate controlling party and directors and former directors of the group. All loan notes issued have been denominated in sterling.

The total balance of outstanding loan notes as at 31 December 2018 was €25,359,900 (2017 - €22,914,673) of which €24,779,031 (€22,463,376) is due to the ultimate controlling party, Mayfair Equity Partners with the balance owed to certain current and former directors.

Loan notes accrue interest at 10% with the exception of £13,000,000 loan notes issued to Mayfair Equity Partners and management which accrue interest at 12% compounded semi annually.

Loan notes are repayable in full on the following dates: 31 December 2022 (B7 Loan notes) and, following the amendment of the repayment date of the A1, A2, A3 and A4 loan notes subsequent to the year end, all other loan notes are repayable on 31 January 2024.

**Group:** Included in the loans and borrowings are the following amounts due after more than five years:

	2018 €	2017 €
After more than five years	16,599,792	12,225,315
	<u>16,599,792</u>	<u>12,225,315</u>

#### 19 Financial instruments

##### Group

##### Categorisation of financial instruments

	2018 €	2017 €
Financial assets that are debt instruments measured at amortised cost	4,998,809	4,769,216
	<u>4,998,809</u>	<u>4,769,216</u>
Financial liabilities measured at fair value through profit or loss	(798,612)	(533,939)
Financial liabilities measured at amortised cost	(68,394,980)	(69,716,574)
	<u>(69,193,592)</u>	<u>(70,250,513)</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 loans falling due within one year and after more than one year, trade creditors, amounts owed to parent company, obligations under finance lease and hire purchase contracts, other creditors, accruals and other loans due after more than one year.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 19 Financial instruments (continued)

##### Financial liabilities measured at fair value

###### *Forward currency contracts*

Forward currency contracts are measured at fair value through the profit and loss account, using marked to market data supplied by the issuing bank at the year end date.

The fair value is €798,612 (2017 - €533,939) and the change in value included in profit or loss is €447,197 (2017 - €(2,128,927)).

#### 20 Deferred tax

##### Group

	<b>2018</b>
	<b>€</b>
At 1 January 2018	9,805,756
Increase (decrease) in existing provisions	(966,340)
Increase (decrease) through business combinations	219
At 31 December 2018	<u>8,839,635</u>
	<b>2017</b>
	<b>€</b>
At 1 January 2017	1,507,374
Decrease in existing provisions	(371,655)
Foreign exchange movements	13,603
Increase through business combinations	8,656,434
At 31 December 2017	<u>9,805,756</u>

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The group operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to €284,057 (2017 - €104,981).

Contributions totalling €1,055 (2017 - €Nil) were payable to the scheme at the end of the year and are included in creditors.

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 22 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	€	No.	€
Ordinary share of €1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 23 Reserves

##### Group and company

##### Called up share capital

Called-up share capital represents the nominal value of shares that have been issued.

##### Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

#### 24 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

	2018	2017
	€	€
Not later than one year	247,612	382,318
Later than one year and not later than five years	933,861	1,250,781
Later than five years	<u>198,039</u>	<u>720,072</u>
	<u>1,379,512</u>	<u>2,353,171</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was €491,929 (2017 - €274,153).

## Tour Partner Group Midco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### **25 Commitments**

During the year the group entered into commitments to sell Euros under forward foreign exchange contracts for the purpose of meeting the group's financial risk management objectives, as a significant proportion of the group's sales are in Euros.

At the period end the group had outstanding foreign exchange contracts with a principal amount of €26,250,000 (2017 - €44,634,464). The fair value of these financial instruments has been recognised as a financial liability in the statement of financial position.

#### **26 Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

See note 18 for further information regarding loan notes issued to related parties.

As at 31 December 2018, the group had outstanding liabilities to its parent undertaking of €2,579,706 (2017 - €2,812,208), as shown in note 17, and loan notes of €278,525 (£250,000) (2017 - nil) as disclosed in note 18.

#### **27 Parent and ultimate parent undertaking**

The company's immediate and ultimate parent is Tour Partner Group Holdco Limited, incorporated in Guernsey.

The ultimate controlling party is Mayfair Partners LLP.

The only company preparing consolidated financial statements which include Tour Partner Group Midco Limited, is Tour Partner Group Midco Limited.