

Company Registration No. 09602565 (England and Wales)

IGLUFASTNET LIMITED
CONSOLIDATED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2019

IGLUFASNET LIMITED

COMPANY INFORMATION

Directors	C Hurley R Downs S Clark L Vincent G Wills D Andrews O Rosenberger
Secretary	L Vincent
Company number	09602565
Registered office	2nd Floor 165 The Broadway Wimbledon London United Kingdom SW19 1NE
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB

IGLUFASSTNET LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present the strategic report for the year ended 31 May 2019.

Review of the business and future developments

The group continues to demonstrate robust trading against a backdrop of on-going economic and political uncertainty. In the year ended 31 May 2019, the group generated gross retail turnover of £346m (up 16% on prior year) and gross profit of £35m (up 10% on prior year). Loss before tax for the financial year increased by £3.4m to £7.7m due to the accrued interest on long-term debt (not due for repayment until 2025), a step change in administrative costs, impact of PSD2 (no longer able to charge for credit card usage), continued investment in the International start-up and higher costs associated with operational changes made by suppliers.

The business continues to undertake its activities under three main brands (Iglu Cruise, Iglu Ski and Planet Cruise) and operates from offices in Wimbledon and Portsmouth. The brands are popular with and are trusted by both consumers and suppliers. This is evidenced by our multiple industry awards. In the year, we were presented with the 'Outstanding contribution' award from Princess Cruises, 'Top cruise specialist' from Celebrity Cruises and took home the 'Best cruise agent', 'Best on-line agent' and 'Digital champion of the year' awards from the Agent Achievement Awards. The last two were recognition for our investment in our on-line offering. The group also received the 'Best non-retail agent' title at the 2019 WAVE awards, demonstrating our increasing capability with Tailor Made product. In addition, our International activities were acknowledged by the 'Best growth award' for the Eurozone for Royal Caribbean Cruise Line.

Business is conducted through call centres based at both sites and on-line. Iglu.com avoids the overheads associated with operating high street shops but still benefits from interaction with customers by hosting regular Cruise shows during the year, across the country. The Planet Cruise brand also hosts a weekly Ideal World programme and YouTube channel and both the Iglu and Planet Cruise brands maintain an on-line social media presence.

Over the last three financial years, the group has invested in expansion into international markets under the Planet Cruise brand. The group launched trading in the Republic of Ireland during the year and now offers cruise holidays in four European markets. The International operating loss associated with these activities are shown separately in the statement of comprehensive income to give a better understanding of the cost of entry into a new market and do not reflect routine trading. The additional investment allows the group to build brand awareness, market share and develop relationships with suppliers to drive a strong positive contribution in the future.

Net liabilities have increased by 59% but cash balances remain healthy at £17m (2018: £26m).

The directors are optimistic that the business is well placed to drive further growth, especially given the increased capacity in the cruise market, growing popularity of cruise holidays in general, further development of on-line proposition and expansion into new international markets.

IGLUFASNET LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

Key performance indicators

The group monitors and reports on a number of Key Performance Indicators. Comparisons are made between years and against annual budgets. Key performance indicators form a significant part of our monthly management reporting. The group continues to operate an 'Objectives and Key Results' framework to assist in the defining and tracking of organisational objectives and their outcomes.

Financial Key Performance Indicators

Strong average selling prices contributed to the key objective of being recognised as the largest UK on-line Travel Agent by an increasing margin. Gross profit is a key measure of the business. This grew by 10% year on year, incorporating changes in discounting and product mix. Management monitor these and other indicators, such as volumes, by supplier. Other key performance indicators focus on the effectiveness of our marketing spends and the efficiency of our sales team at converting enquires to bookings. Administration costs have increased by 21% due to further investment in people and skills, to support future top-line growth.

Non-financial Key Performance Indicators

Customer satisfaction is a focus for the business given the link to repeat bookings and we enjoy a Feefo rating of 4.7/5 across all brands in addition to being awarded Feefo's Gold Trusted Service Award for a sixth consecutive year. Employee retention is also an important, non-financial, focus.

Principal risks and uncertainties

The principal trading subsidiary Iglu.com Limited holds comprehensive insurance cover for risk areas identified as significant. Management seek advice from external experts, where relevant, to reduce risks to an acceptable level.

The principal trading subsidiary Iglu.com Limited continues to hold an Air Travel Organisers License, guaranteeing the protection of consumers' money or holiday plans in the unlikely event of the group's insolvency. This is granted by the Civil Aviation Authority, which acts as a regulator to the industry in which Iglu.com operates, ensuring the financial health of all licence holders. In addition, the Iglu.com Limited's membership of The Association of British Travel Agents (ABTA) demonstrates our continued adherence to high standards. The group also holds an ATOUT France licence for sales in this market.

The company takes no commitment on flights or accommodation and therefore removes any fixed capacity risk.

The following are some of the key risks that the group faces:

Operational

As an online business, the group is reliant on Information Technology. Iglu.com has dedicated IT teams that are responsible for the maintenance, repair and enhancement of our front and back-office systems and associated reporting capabilities. This has enabled the group to maximise the efficiency of the operational procedures, and will continue to be a key focus for the business in the coming years. There is a full disaster recovery plan in place, which includes the back-up of data offsite.

Competition

Competition in the travel agent market is intense, as it is across retail in general. The group competes against other travel agents in the internet market place. However the directors believe that the strength of the brand, good supplier relationships and high level of in-house expertise gives them a strong competitive advantage. This is further enhanced by the group's increasing offering of on-line bookable product.

IGLUFASTNET LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

Environmental and other regulatory requirements

Existing and possible future legislation, regulations and actions may cause additional expenses to the group, the extent of which cannot be predicted.

Iglu.com has undertaken an Energy Savings Opportunity Scheme (ESOS) assessment for both office sites and is compliant with the scheme. It is also working to ensure continued compliance with the Package Travel Directive and General Data Protection Regulations, both of which were implemented in 2018.

There are continued risks of terrorism, political unrest and natural disasters or adverse weather conditions; however the industry has a good track record of responding to these events and the nature of cruising means that ships can be redeployed from affected areas to reduce exposure.

Cyber threats are a risk, but the group is PCI compliant and maintains systems and controls to safeguard against this.

The group continues to assess and mitigate the potential impact of the UK's decision to leave the EU.

Financial risks

Interest rate cash flow risk

The group has interest bearing assets and interest bearing liabilities. Interest bearing assets comprise its cash balances, which earn interest at the prevailing market rate. Interest bearing liabilities comprise its long-term loan notes and long-term bank loans.

Foreign exchange rate risk

The level of foreign currency transactions within the group is minimal and therefore this does not pose a material risk at the moment.

Credit risk

The group's credit risk is mainly attributable to receivables from customers not yet departed. Therefore credit risk is not concentrated.

Research and development

During the year the group continued to develop bespoke software solutions for use across the business and websites.

On behalf of the board



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R Downs
Director

Date: 11/9/19

IGLUFASNET LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present their annual report and financial statements for the year ended 31 May 2019.

Principal activities

The principal activity of the company is that of a holding company for a group providing travel agency services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Hurley

R Downs

S Clark

L Vincent

G Wills

D Andrews

O Rosenberger

M Bailey-Williams

(Resigned 7 May 2019)

Results and dividends

The results for the year are set out on page 9. No ordinary dividends were paid during the year (2018: £nil). The directors are precluded from recommending payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, matters likely to affect their interests. The group recognises the benefits associated with keeping employees informed of the group's progress and performance and seeks to achieve common awareness through updates and reports.

Auditor

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

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

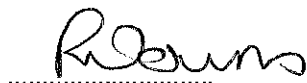
In accordance with section 414 c (ii) of the Companies Act 2006, included in the Strategic Report is the review of the business, principal risks and uncertainties and key performance indicators of the business.

IGLUFASNET LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

On behalf of the board



R Downs

Director

11/9/19

IGLUFASNET LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2019

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Opinion

We have audited the financial statements of Iglufastnet Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IGLUFASTNET LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Bell FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

11/9/19

IGLUFASNET LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2019

		2019	2018
	Notes	£	as restated £
Group gross retail turnover		346,233,385	299,639,299
Turnover	3	131,581,040	114,731,595
Cost of sales		(96,306,853)	(82,607,527)
Gross profit		35,274,187	32,124,068
Administrative expenses		(36,873,523)	(30,513,655)
Other operating income		100,559	-
EBITDA before separately disclosed items		8,272,756	9,375,036
Exceptional items and international losses	6	(3,444,857)	(2,169,125)
Amortisation		(6,043,663)	(5,373,439)
Depreciation		(283,013)	(222,059)
Operating (loss)/profit	6	(1,498,777)	1,610,413
Interest receivable and similar income	8	42,553	14,766
Interest payable and similar expenses	9	(6,266,138)	(5,969,571)
Loss before taxation		(7,722,362)	(4,344,392)
Taxation	10	228,704	(505,900)
Loss for the financial year	24	(7,493,658)	(4,850,292)

Loss for the financial year is all attributable to the owners of the parent company.

IGLUFASNET LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11	18,163,565		20,986,435	
Other intangible assets	11	32,212,106		31,824,317	
		<u>50,375,671</u>		<u>52,810,752</u>	
Total intangible assets					
Tangible assets	12	445,580		368,660	
		<u>50,821,251</u>		<u>53,179,412</u>	
Current assets					
Debtors	15	125,727,584	99,791,583		
Cash at bank and in hand		16,927,394	25,910,499		
		<u>142,654,978</u>	<u>125,702,082</u>		
Creditors: amounts falling due within one year	16	(127,434,499)	(106,126,143)		
Net current assets		<u>15,220,479</u>		<u>19,575,939</u>	
Total assets less current liabilities		<u>66,041,730</u>		<u>72,755,351</u>	
Creditors: amounts falling due after more than one year	17	(80,450,807)	(79,899,355)		
Provisions for liabilities	20	(5,749,547)	(5,531,341)		
Net liabilities		<u>(20,158,624)</u>		<u>(12,675,345)</u>	
Capital and reserves					
Called up share capital	22	11,186	9,616		
Share premium account	24	128,256	119,447		
Capital redemption reserve	24	625	615		
Profit and loss reserves	24	(20,298,691)	(12,805,023)		
Total equity		<u>(20,158,624)</u>		<u>(12,675,345)</u>	

The financial statements were approved by the board of directors and authorised for issue on 11/9/19 and are signed on its behalf by:




R Downs
Director

IGLUFASNET LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	13	42,382,378		42,382,378	
Current assets					
Debtors	15	20,720,468		20,914,604	
Cash at bank and in hand		3,700		3,742	
		<u>20,724,168</u>		<u>20,918,346</u>	
Creditors: amounts falling due within one year	16	(8,148,096)		(1,747,573)	
Net current assets		<u>12,576,072</u>		<u>19,170,773</u>	
Total assets less current liabilities		<u>54,958,450</u>		<u>61,553,151</u>	
Creditors: amounts falling due after more than one year	17	(68,815,616)		(70,851,365)	
Net liabilities		<u>(13,857,166)</u>		<u>(9,298,214)</u>	
Capital and reserves					
Called up share capital	22	11,186		9,616	
Share premium account	24	128,256		119,447	
Capital redemption reserve	24	625		615	
Profit and loss reserves	24	(13,997,233)		(9,427,892)	
Total equity		<u>(13,857,166)</u>		<u>(9,298,214)</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £4,569,331 (2018: £4,265,532 loss).

The financial statements were approved by the board of directors and authorised for issue on 11/9/19 and are signed on its behalf by:



R Downs
Director

IGLUFASNET LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 June 2017		9,644	119,447	587	(7,954,703)	(7,825,025)
Year ended 31 May 2018:						
Loss and total comprehensive income for the year		-	-	-	(4,850,292)	(4,850,292)
Redemption of shares	22	(28)	-	28	(28)	(28)
Balance at 31 May 2018		9,616	119,447	615	(12,805,023)	(12,675,345)
Year ended 31 May 2019:						
Loss and total comprehensive income for the year		-	-	-	(7,493,658)	(7,493,658)
Issue of share capital	22	1,580	8,809	-	-	10,389
Redemption of shares	22	(10)	-	10	(10)	(10)
Balance at 31 May 2019		11,186	128,256	625	(20,298,691)	(20,158,624)

IGLUFASNET LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 June 2017		9,644	119,447	587	(5,162,332)	(5,032,654)
Year ended 31 May 2018:						
Loss and total comprehensive income for the year		-	-	-	(4,265,532)	(4,265,532)
Redemption of shares	22	(28)	-	28	(28)	(28)
Balance at 31 May 2018		9,616	119,447	615	(9,427,892)	(9,298,214)
Year ended 31 May 2019:						
Loss and total comprehensive income for the year		-	-	-	(4,569,331)	(4,569,331)
Issue of share capital	22	1,580	8,809	-	-	10,389
Redemption of shares	22	(10)	-	10	(10)	(10)
Balance at 31 May 2019		11,186	128,256	625	(13,997,233)	(13,857,166)

IGLUFASNET LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	25	3,591,721		12,304,021	
Interest paid		(901,272)		(1,007,061)	
Income taxes paid		(1,289,758)		(95,837)	
Net cash inflow from operating activities		<u>1,400,691</u>		<u>11,201,123</u>	
Investing activities					
Purchase of intangible assets		(3,608,582)		(2,203,513)	
Purchase of tangible fixed assets		(361,079)		(266,608)	
Interest received		42,553		14,766	
Net cash used in investing activities		<u>(3,927,108)</u>		<u>(2,455,355)</u>	
Financing activities					
Proceeds from issue of shares		10,389		-	
Redemption of shares		(10)		(28)	
Repayment of loan notes		(1,170,926)		-	
Repayment of bank loans		(5,296,141)		(1,706,946)	
Net cash used in financing activities		<u>(6,456,688)</u>		<u>(1,706,974)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(8,983,105)</u>		<u>7,038,794</u>	
Cash and cash equivalents at beginning of year		25,910,499		18,871,705	
Cash and cash equivalents at end of year		<u><u>16,927,394</u></u>		<u><u>25,910,499</u></u>	

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies

Company information

Iglufastnet Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 2nd Floor, 165 The Broadway, Wimbledon, London, United Kingdom, SW19 1NE.

The group consists of Iglufastnet Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Prior period restatement

The group has decided to disclose EBITDA before exceptional items and international losses in the current year on the face of the consolidated statement of comprehensive income. The figures for prior year have been restated to maintain comparability. The exceptional costs previously disclosed have therefore reduced by £2,169,125 resulting in an increase to Cost of Sales of £524,227 (reducing gross profit by an equal amount) and an increase to Administrative expenses of £1,644,898. There is no impact on operating profit.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Iglufastnet Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

At the time of approving the financial statements, the Directors maintain that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors have determined that the accounts should be prepared under the going concern basis. This expectation is based on sensitivity analysis of the group's forecast models, which demonstrate the group's ability to satisfy all funding covenants and regulatory requirements for the period to 30 September 2020. The Statement of Financial Position shows a net liability position as a result of the accrued interest due on the long-term debt that arose as part of the acquisition of Iglu.com Manco Limited in June 2015. Neither the base debt, nor the accrued interest, is due for payment before 2025.

Iglu.com Limited currently holds an Air Travel Organiser's Licence (ATOL), issued by the Civil Aviation Authority (CAA), which is subject to an annual renewal process leading up to 1 October each year. It is required by the company in order to offer air inclusive holidays to customers. The CAA grants this licence on the basis of meeting agreed financial criteria. IGLU.COM Limited has complied with these requirements during the periods presented and up to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2019 on substantially the same terms and conditions as currently agreed with the CAA.

Turnover

Turnover, excluding value added tax, represents the value of transactions, being cruise, flights and ancillary products in which the group is, for these purposes, regarded as being the principal. Turnover also includes the commission receivable by the group on transactions in which it is regarded as acting as an agent. In all cases, turnover and any associated cost of sales are recognised on the booking date, which the directors consider to be the point where it is probable the economic benefits of the transaction flow to the company.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Gross retail turnover

In order to provide the user of the financial statements with a measure of the gross value of business the gross value of all sales transactions is shown as a memorandum item at the top of the profit and loss account. Total transaction value does not represent statutory turnover in accordance with Section 23 of FRS 102. In the majority of transactions the company acts as an agent. In such cases total transaction value represents the price at which products or services have been sold inclusive of any service fees but excluding commissions paid to third party distributors and any associated sales taxes. In cases where the company does act as principal, total transaction value represents the price at which products or services are sold, net of any value added taxes.

Cancellation provisions

Provision is made for liabilities arising in respect of expected cancellations and other margin dilution on holidays booked in the year but not yet departed.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 and 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Software	3 years straight line
Brand and customer base	20 years straight line

Tangible fixed assets

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

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

Fixtures, fittings & equipment	3 to 5 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Cash and cash equivalents

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

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Leases

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

IGLUFASSTNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

In considering the basis of revenue recognition, management consider that the booking date, and so the date at which a contract is formed with the customer, is the most appropriate.

Revenue is accounted for as principal or as agent depending on whether the company is providing a package holiday, as defined by The Package Travel Regulations in place at the time of booking. When acting as a principal, the full value of the package and associated costs are recognised. When acting as an agent, only the commission earned from the supplier is recognised.

External regulatory requirements

Iglu.com Limited currently holds an Air Travel Organiser's Licence (ATOL), issued by the Civil Aviation Authority (CAA), which is subject to an annual renewal process leading up to 1 October each year. It is required by the company in order to offer air inclusive holidays to customers. The CAA grants this licence on the basis of meeting agreed financial criteria. IGLU.COM Limited has complied with these requirements during the periods presented and up to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2019 on substantially the same terms and conditions as currently agreed with the CAA.

Capitalised software development

In determining the amounts to be capitalised, management must exercise judgement on the nature of development work undertaken by employees. Expenditure can be capital in nature (relating to the development of new software) or operational in nature (on-going maintenance of software). If the development costs can be attributed to the design and build of identifiable, separable software systems or functions that are expected to generate future economic benefits, they are recognised as intangible assets.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Goodwill amortisation

Management have estimated that the goodwill recognised on investment in subsidiaries will provide economic benefits for 10 years and have therefore amortised goodwill on this basis. Additional goodwill recognised in the individual accounts of a subsidiary included in this consolidation was estimated to have a useful life of 20 years and has therefore been amortised on this basis.

Brand and customer base

Management have estimated that the brand and customer base recognised on acquisition of the IGLU.COM Manco group will provide economic benefits to the group for 20 years and have therefore amortised the asset on this basis.

Loan notes

Management have considered the fair value of the loan notes from related parties to be par value.

Cancellation provision

In formulating a provision for the estimated value of revenue that will subsequently be cancelled, management makes judgements that are based on turnover variations and historic cancellation data.

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Commission for acting as agent	22,114,050	20,431,828
Sales value for acting as principal	109,466,990	94,299,767
	<u>131,581,040</u>	<u>114,731,595</u>
	2019 £	2018 £
Other revenue		
Interest income	<u>42,553</u>	<u>14,766</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	127,869,869	114,034,887
Rest of Europe	3,711,171	696,708
	<u>131,581,040</u>	<u>114,731,595</u>

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales & marketing	250	221	-	-
Management & administration	214	186	1	1
	<u>464</u>	<u>407</u>	<u>1</u>	<u>1</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	17,061,614	14,500,304	70,000	70,000
Social security costs	1,781,462	1,489,984	8,493	8,424
Pension costs	369,321	201,355	2,217	1,517
	<u>19,212,397</u>	<u>16,191,643</u>	<u>80,710</u>	<u>79,941</u>

Of the total staff costs, £2,474,665 (2018: £1,676,835) have been capitalised as intangible fixed assets.

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	748,567	599,235
Company pension contributions to defined contribution schemes	21,842	12,090
Sums paid to third parties for directors' services	342,775	342,500
	<u>1,113,184</u>	<u>953,825</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	265,910	174,566
Company pension contributions to defined contribution schemes	7,600	3,434
	<u>273,510</u>	<u>178,000</u>

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

6 Operating (loss)/profit

	2019	2018 as restated
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(40,276)	16,856
Depreciation of owned tangible fixed assets	283,013	222,059
Loss on disposal of tangible fixed assets	1,146	-
Amortisation of intangible assets	6,043,663	5,373,439
Operating lease charges	449,740	348,779

Separately disclosed items

Within operating profit there are exceptional items in the year of £3,444,857 (2018: £2,169,125) which relate to losses from the international launch (£2,693,426 (2018: £1,723,437)), itinerary changes or cancellations (£614,468 (2018: £408,048)) and other one-off restructuring fees (£136,963 (2018: £37,640)). The losses from the international launch are the cost of entry associated with four new European territories; building brand awareness, increasing market share and developing internal expertise. The itinerary changes are costs arising from one-off operational decisions made by suppliers that are outside the control of the company.

7 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	23,700	23,000
Audit of the financial statements of the company's subsidiaries	40,700	39,500
	<u>64,400</u>	<u>62,500</u>
For other services		
Taxation compliance services	12,775	12,375
All other non-audit services	23,520	23,000
	<u>36,295</u>	<u>35,375</u>

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	<u>42,553</u>	<u>14,766</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>42,553</u>	<u>14,766</u>

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	830,786	934,184
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	5,265,061	4,962,510
Amortisation of finance costs	99,806	-
Other interest	70,485	72,877
Total finance costs	6,266,138	5,969,571

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	225,370	797,630
Adjustments in respect of prior periods	(262,381)	7,182
Total current tax	(37,011)	804,812
Deferred tax		
Origination and reversal of timing differences	(33,390)	(18,517)
Previously unrecognised tax loss, tax credit or timing difference	(280,290)	(280,289)
Adjustment in respect of prior periods	121,987	(106)
Total deferred tax	(191,693)	(298,912)
Total tax (credit)/charge	(228,704)	505,900

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

10 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Loss before taxation	(7,722,362)	(4,344,392)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,467,249)	(825,434)
Tax effect of expenses that are not deductible in determining taxable profit	1,886,581	2,015,934
Tax effect of income not taxable in determining taxable profit	(351,482)	(389,030)
Change in unrecognised deferred tax assets	92,799	(60,276)
Adjustments in respect of prior years	(262,381)	7,182
Effect of change in corporation tax rate	3,928	(4,706)
Permanent capital allowances in excess of depreciation	35,591	40,869
Research and development tax credit	(19,106)	-
Deferred tax adjustments in respect of prior years	121,987	(106)
Adjustment of deferred tax to average rate	10,918	1,756
Unwinding of deferred tax recognised on intangibles as part of a business combination	(280,290)	(280,289)
Taxation (credit)/charge	(228,704)	505,900

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2018 (on 15 March 2018). These include reductions to the main tax rate, to reduce to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

11 Intangible fixed assets

Group	Goodwill	Software	Brand and customer base	Total
	£	£	£	£
Cost				
At 1 June 2018	29,331,540	5,412,301	32,975,151	67,718,992
Additions	-	3,608,582	-	3,608,582
Disposals	-	(282,416)	-	(282,416)
At 31 May 2019	29,331,540	8,738,467	32,975,151	71,045,158
Amortisation and impairment				
At 1 June 2018	8,345,105	1,671,067	4,892,068	14,908,240
Amortisation charged for the year	2,822,870	1,572,035	1,648,758	6,043,663
Disposals	-	(282,416)	-	(282,416)
At 31 May 2019	11,167,975	2,960,686	6,540,826	20,669,487
Carrying amount				
At 31 May 2019	18,163,565	5,777,781	26,434,325	50,375,671
At 31 May 2018	20,986,435	3,741,234	28,083,083	52,810,752

The company had no intangible fixed assets at 31 May 2019 or 31 May 2018.

The amortisation charge for the year is included in administrative expenses.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

12 Tangible fixed assets

Group	Fixtures, fittings & equipment
	£
Cost	
At 1 June 2018	893,007
Additions	361,079
Disposals	(47,351)
At 31 May 2019	1,206,735
Depreciation and impairment	
At 1 June 2018	524,347
Depreciation charged in the year	283,013
Eliminated in respect of disposals	(46,205)
At 31 May 2019	761,155
Carrying amount	
At 31 May 2019	445,580
At 31 May 2018	368,660

The company had no tangible fixed assets at 31 May 2019 or 31 May 2018.

13 Fixed asset investments

		Group	2018	Company	2018
	Notes	2019	2018	2019	2018
		£	£	£	£
Investments in subsidiaries	14	-	-	42,382,378	42,382,378

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 June 2018 and 31 May 2019	42,382,378
Carrying amount	
At 31 May 2019	42,382,378
At 31 May 2018	42,382,378

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
IGLU.COM Bidco Limited *	2nd Floor, 165 The Broadway, Wimbledon, United Kingdom, SW19 1NE	Intermediate holding company	Ordinary		100.00
IGLU.COM Holdco Limited *	As above	Intermediate holding company	Ordinary		100.00
IGLU.COM Holidays Limited *	As above	Intermediate holding company	Ordinary		100.00
IGLU.COM Limited	As above	On-line travel agent	Ordinary		100.00
IGLU.COM Manco Limited *	As above	Intermediate holding company	Ordinary	100.00	
IGLU.COM Midco Limited *	As above	Intermediate holding company	Ordinary		100.00
IGLU.COM Transport Limited	As above	Transport services	Ordinary		100.00
IGLU.COM Trustees Limited	As above	Dormant	Ordinary		100.00
Planet Cruise Limited *	As above	Not trading	Ordinary		100.00

All companies above denoted with a * are exempt from audit by virtue of Section 479A of the Companies Act 2006. In accordance with Section 479C of the Companies Act 2006, Iglufastnet Limited has provided guarantees over the liabilities of these subsidiaries.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

15 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	107,676,001	86,821,022	-	-
Corporation tax recoverable	666,532	-	-	-
Amounts owed by group undertakings	-	-	-	183,849
Other debtors	232,412	125,090	-	-
Prepayments and accrued income	4,369,930	2,786,650	46,191	56,478
	<u>112,944,875</u>	<u>89,732,762</u>	<u>46,191</u>	<u>240,327</u>
Amounts falling due after more than one year:				
Trade debtors	12,782,709	10,058,821	-	-
Amounts owed by group undertakings	-	-	20,674,277	20,674,277
	<u>12,782,709</u>	<u>10,058,821</u>	<u>20,674,277</u>	<u>20,674,277</u>
Total debtors	<u>125,727,584</u>	<u>99,791,583</u>	<u>20,720,468</u>	<u>20,914,604</u>

Of the loans from group undertakings, £20,674,277 (2018: £20,674,277) is due for repayment on demand, with interest being charged at a rate of 10% per annum. These are disclosed as falling due after more than one year as the directors have no intention of recalling the loans.

16 Creditors: amounts falling due within one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	18	-	1,706,658	-	1,706,658
Trade creditors		124,984,535	100,996,273	-	-
Amounts owed to group undertakings		-	-	8,111,548	-
Corporation tax payable		-	660,237	-	-
Other taxation and social security		1,152,889	1,293,238	-	-
Other creditors		3,884	16,442	-	-
Accruals and deferred income		1,293,191	1,453,295	36,548	40,915
		<u>127,434,499</u>	<u>106,126,143</u>	<u>8,148,096</u>	<u>1,747,573</u>

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

17 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	18	14,073,836	17,474,031	14,073,836	17,474,031
Other borrowings	18	39,035,882	40,206,808	39,035,882	40,206,808
Trade creditors		11,635,191	9,047,990	-	-
Accruals and deferred income		15,705,898	13,170,526	15,705,898	13,170,526
		<u>80,450,807</u>	<u>79,899,355</u>	<u>68,815,616</u>	<u>70,851,365</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	39,035,882	40,206,808	39,035,882	40,206,808
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18 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	14,073,836	19,180,689	14,073,836	19,180,689
Loans from related parties	39,035,882	40,206,808	39,035,882	40,206,808
	<u>53,109,718</u>	<u>59,387,497</u>	<u>53,109,718</u>	<u>59,387,497</u>
Payable within one year	-	1,706,658	-	1,706,658
Payable after one year	<u>53,109,718</u>	<u>57,680,839</u>	<u>53,109,718</u>	<u>57,680,839</u>

The bank loans and £19,517,941 (2018: £20,103,404) of the loan notes are secured by way of a charge against the shares of the group.

The group's bank loans incur interest at a fixed rate of 3.75% plus LIBOR. These loans are repayable in instalments and mature on 31 May 2021.

Loans from related parties are repayable in 2025 and incur interest at a rate of 10% per annum which compounds every 6 months. The conditions of these instruments allow for their settlement at an amount which is less than the initial principal loaned, therefore these loans have been measured at fair value through profit or loss.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

19 Financial instruments

	Group 2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	120,691,122	97,004,933
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	39,035,882	40,206,808
Measured at amortised cost	167,696,535	143,865,215

20 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Cancellation provision		1,124,217	714,318	-	-
Deferred tax liabilities	21	4,625,330	4,817,023	-	-
		<u>5,749,547</u>	<u>5,531,341</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Cancellation provision £
At 1 June 2018	714,318
Additional provisions in the year	1,404,217
Utilisation of provision	(994,318)
At 31 May 2019	<u>1,124,217</u>

A cancellation provision of £1,124,217 (2018: £714,318) has been recognised for the group and company for expected cancellations and other margin dilution on holidays booked prior to the year end but not yet departed. It is expected that most of this provision will be utilised in the next financial year and all will be incurred within two years of the balance sheet date. No provisions have been recognised in respect of potential disruptions to customer travel.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Recognised on intangibles as part of a business combination	4,493,833	4,774,123
Excess of depreciation over capital allowances	131,497	42,900
	<u>4,625,330</u>	<u>4,817,023</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Net liability at 1 June 2018	4,817,023	-
Charge to profit or loss	(191,693)	-
	<u>4,625,330</u>	<u>-</u>
Net liability at 31 May 2019		

Of the total deferred tax liability above, £42,900 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period. The remaining balance is expected to reverse after 12 months and relates to timing differences on intangibles acquired as part of a business combination.

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

22 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,000,000 A Ordinary shares of 0.2p each	2,000	2,000
403,990 B1 Ordinary shares of 0.2p each	808	808
159,632 (2018: 164,451) B2 Ordinary shares of 0.2p each	319	329
133,475 B3 Ordinary shares of 0.2p each	267	267
389,742 (2018: 453,708) B4 Ordinary shares of 0.2p each	779	907
63,966 (2018: nil) B4A Ordinary shares of 0.2p each	128	-
48,721 (2018: nil) B5 Ordinary shares of 1.5p each	731	-
56,572 (2018: nil) B6 Ordinary shares of 1.5p each	849	-
1,017,702 C Ordinary shares of 0.5p each	5,089	5,089
51,511 D1 Ordinary shares of 0.2p each	103	103
56,662 D2 Ordinary shares of 0.2p each	113	113
	<u>11,186</u>	<u>9,616</u>

A Ordinary share rights

The company's A Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company and are entitled to participate in a dividend and distribution of assets only after payment to the holders of the C Ordinary shares.

B Ordinary share rights

The company's B1, B2, B3, B4, B4A and B6 Ordinary shares, carry no right to fixed income and no voting rights, and entitled to participate in a dividend and distribution of assets only after payment to the holders of the C Ordinary shares.

The company's B5 Ordinary shares, which carry no right to fixed income, each carry the right to two votes at general meetings of the company and may participate in a dividend and distribution of assets only after payment to the holders of the C Ordinary shares.

C Ordinary share rights

The company's C Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company and are entitled to participate in a dividend and distribution of assets.

D Ordinary share rights

The company's D Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company and are entitled to participate in a dividend and distribution of assets only after payment to the holders of the C Ordinary shares.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

22 Share capital (Continued)

Reconciliation of movements during the year:

	Total Number
At 1 June 2018	3,281,499
B2 ordinary shares repurchased	(4,819)
Issue of fully paid B5 Ordinary shares	48,721
Issue of fully paid B6 Ordinary shares	56,572
At 31 May 2019	3,381,973

During the year, on 10 December 2018, the company repurchased 4,819 0.2p B2 Ordinary shares at par and cancelled these shares on the same date. The company also redesignated 63,966 0.2p B4 Ordinary shares to 63,966 0.2p B4A Ordinary shares.

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	369,321	201,355

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

25 Cash generated from group operations

	2019 £	2018 £
Loss for the year after tax	(7,493,658)	(4,850,292)
Adjustments for:		
Taxation (credited)/charged	(228,704)	505,900
Finance costs	6,266,138	5,969,571
Investment income	(42,553)	(14,766)
Loss on disposal of tangible fixed assets	1,146	-
Amortisation and impairment of intangible assets	6,043,663	5,373,439
Depreciation and impairment of tangible fixed assets	283,013	222,059
Increase in provisions	409,899	171,809
Movements in working capital:		
(Increase) in debtors	(25,179,987)	(25,099,592)
Increase in creditors	23,532,764	30,025,893
Cash generated from operations	3,591,721	12,304,021

26 Financial commitments, guarantees and contingent liabilities

The group had insurance covered ABTA bonds at the year end to the value of £3,081,449 (2018: £2,586,785).

On 31 May 2013, a deed of guarantee was entered into by IGLU.COM Holdco Limited with the CAA on behalf of IGLU.COM Limited. There is no maximum liability under this guarantee. An accession deed was signed by the company on 12 June 2015.

The group has other insurance covered bonds at 31 May 2019 to the value of £2,200,000 (2018: £2,200,000).

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	422,752	380,667	-	-
Between one and five years	755,310	966,810	-	-
In over five years	374,176	483,691	-	-
	<u>1,552,238</u>	<u>1,831,168</u>	<u>-</u>	<u>-</u>

IGLUFASNET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

28 Ultimate controlling party

The directors consider there to be no ultimate controlling party.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	2,039,900	1,528,662

The following amounts were outstanding at the reporting end date:

Amounts due to related parties

	2019 £	2018 £
Group		
Entities with significant influence over the company	54,742,394	53,377,334
Company		
Entities with significant influence over the company	54,742,394	53,377,334

The balance above comprises a principal amount of £39,035,882 (2018: £40,206,808) and accrued interest of £15,706,512 (2018: £13,170,526).