

Blue Bay Travel Group Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018



Company Registration No. 10599515

Blue Bay Travel Group Limited

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Blue Bay Travel Group Limited

DIRECTORS AND ADVISORS

DIRECTORS

DW Andrews
AJ Gardner
M Rowland
LA Walley
SD Wilson

REGISTERED OFFICE

Unit A4
Bellringer Road
Trentham Business Quarter
Stoke-on-Trent
Staffordshire
ST4 8GB

AUDITOR

RSM UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Blue Bay Travel Group Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for Blue Bay Travel Group Limited for the year ended 31 December 2018.

REVIEW OF THE BUSINESS

The group performed well in the year ended 31st December 2018. As the Group was formed in February 2017 the financial statements do not reflect a full year on year comparison. However, Blue Bay Travel Limited had been trading prior to the formation of Group. The like for like periods for Blue Bay Travel Limited achieved growth in gross retail turnover of 35% from £30m to £41m. Operational profit before exceptional items grew by 34% in line with sales.

Administration costs increased year on year by £863k. This was mainly due to a large investment in staff of £515k due to the growth of the company, share based payment charge of £131k and the increased period.

Increases in trade debtors and trade creditors were due to timing of trading, receipts and payment around the year end. Cash has increased during the year from the profitable trade.

The business undertakes activities under the corporate name Blue Bay Travel, trading online as Caribbeanwarehouse, Tropicalwarehouse and Xclusivity.

Awareness of the Blue Bay Travel brand continued to grow within the travel industry. During 2018 we were presented with GMT2 Awards - Online Travel Agency of the Year; SME News Business Elite Program - Most Outstanding Online Travel Agency; TTG Awards Call Centre Agent of the Year; St. Lucia Awards - Best Use of Social Media; BVCA - Midlands Growth Management Team; TTG Top 50 Travel Agencies - Top Online Agency and Feefo Gold Trusted Service Award.

Business is conducted through the main call centre in Stoke-on-Trent, online and via a team of 7 salaried homeworkers and 8 Self Employed homeworkers based around the UK.

Blue Bay avoids the overheads associated with operating high street retail stores but benefits from interaction with customers online, via a database of regular and prospective customers and its very successful social media channels.

A key part of the strategy for 2018 was to drive up on-line bookings, the booking journey was developed and refined throughout the year, enhancements were introduced and booking numbers continued to grow. The business entered into further partnerships, to maximise synergies between the Blue Bay product and the partner's audience, this channel to market became successful very quickly.

The team continued to expand, and several sub-departments were established such as Marketing Intelligence and a Promotions team solely dedicated to the production of holiday deals. In addition, the newly created role of Product Management Director was introduced. Marketing strategies were refined within the key areas of PPC and Email marketing and a new reporting platform was introduced to ensure the team were better informed on performance and ROI.

The group monitors and reports on several Key Performance Indicators. Comparisons are made between years and against annual budgets to provide half year forecasts. Key performance indicators form a significant part of monthly management reporting.

KEY PERFORMANCE INDICATORS

In measuring and controlling the group's performance a number of key performance indicators are used on a regular basis. They are reviewed frequently to assess the effectiveness and relevance to the business.

Blue Bay Travel Group Limited

STRATEGIC REPORT

Financial Key Performance Indicators

Strong average selling prices contributed to the key growth in turnover. Gross profit is a key measure of the business. This grew year on year. Management monitor these and other indicators, such as business mix, profit per booking and volumes by supplier. Other key performance indicators focus on the effectiveness of marketing spend, we closely track specific marketing channels against sessions generated, quotes generated, and bookings made. The sales team are targeted on conversion of enquiries to bookings, retained commission and productivity.

Non-Financial Key Performance Indicators

Customer satisfaction is a focus for the business, we have a high rate of repeat business and have attracted a high number of new customers this year. We enjoy a strong TrustPilot rating across all brands. Employee engagement and retention is an important, non-financial focus. In August 2018 we instigate a new Vision & Values framework – a long-term project of culture and behaviour with the objective of embedding a highly desirable working environment.

RISKS AND UNCERTAINTIES

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

Operational

As an online business, the group is reliant on Information Technology. Blue Bay has an in-house Development team responsible for the maintenance, repair and enhancement of office systems and associated reporting capabilities. There have been improvements to operational procedures and further efficiency of the operational procedures will continue to be a key focus for the business in the coming years. There is a 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 providers in the internet marketplace. However, the Directors believe that the growing strength of the brand, further expansion of the product team, highly competitive product offering, bespoke pricing technology and high level of in-house expertise gives them a strong competitive advantage.

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.

There are continued risks of terrorism, political unrest and natural disasters or adverse weather conditions; however, the industry and Blue Bay have a good track record of responding to these events and the nature of direct relationships means that alternative holidays and negotiation of costs can be sourced to reduce exposure.

FINANCIAL INSTRUMENTS

Financial risks Interest rate cash flow risk

The group has no interest-bearing assets.

The group has interest bearing liabilities. Interest bearing liabilities comprise its loan notes and banks loans. Foreign exchange rate risk.

The group contracts hotels directly in US Dollars and is therefore subject to fluctuations in the dollar rate. We manage this actively through forward USD purchases to mitigate for sudden FX fluctuations.

Blue Bay Travel Group Limited

STRATEGIC REPORT

Credit risk

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

Liquidity risk

Having reviewed forecasts and considering sensitivity analysis, the directors consider that adequate cash reserves are in place to fund any future trading and investment.

Cash Flow

Cash flow is monitored monthly ensuring that the company has the ability to meet its liabilities while generating adequate cash to service re-investment in the business. Capital expenditure and Return on Investment are also monitored.

Cash flow forecasts are prepared monthly and reviewed to ensure adequate funding is in place considering sensitivity analysis.

Research and development

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

By order of the Board



M Rowland
Director

13/09/19

2019

Blue Bay Travel Group Limited

DIRECTORS' REPORT

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

The directors have not disclosed the following sections of the directors' report "Business review, key performance indicators, risks and uncertainties and financial instruments" as these have been included within the Strategic Report on page 2.

PRINCIPAL ACTIVITY

The principal activity of the Group was that of travel agents.

RESULTS AND DIVIDENDS

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 9, and show a trading loss for the year, after taxation of £237,381 (2017: £453,694).

No final dividends have been paid or proposed (2017: £nil).

FUTURE DEVELOPMENTS

The Group are continuing to develop a strategy to grow online business alongside the core call centre business by evolving the customer journey using in house technology. Our Product team expansion will focus on scaling up the number and strength of exclusive deals. Subscriber acquisition is a major KPI with marketing activity dedicated to quality customer acquisition, continued expansion into new destination, diversification of distribution channels and to develop further effective use of social media to engage with new audiences.

DIRECTORS

The following directors held office during the financial year:

DW Andrews
AJ Gardner
M Rowland
LA Walley
SD Wilson
LG Dean (resigned 25 January 2018)

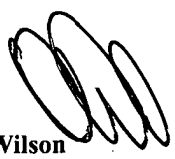
AUDITOR

The auditor, RSM UK Audit LLP, are deemed to be reappointed under Section 487(2) of the Companies Act 2016.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board


SD Wilson
Director

13/09/19

2019

Blue Bay Travel Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. 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 and the 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 the 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 BLUE BAY TRAVEL GROUP LIMITED

Opinion

We have audited the financial statements of Blue Bay Travel Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUE BAY TRAVEL GROUP 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 its environment obtained in the course of the audit, we have not identified material misstatements in 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.

RSM UK Audit LLP

ADAM KRUPSKI (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

16 September 2019

Blue Bay Travel Group Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	332 day period ended 31 December 2017 (restated) £
TURNOVER	2	5,253,389	3,487,047
Cost of sales		(716,019)	(190,192)
GROSS PROFIT		4,537,370	3,296,855
Administrative expenses		(3,998,210)	(3,135,429)
Other operating income		-	12,964
OPERATING PROFIT		539,160	174,390
Interest receivable and similar income	3	4,771	3,236
Interest payable and similar expenses	4	(684,001)	(596,268)
LOSS BEFORE TAXATION	5	(140,070)	(418,642)
Tax on loss	9	(97,311)	(35,052)
LOSS AFTER TAXATION AND FOR THE FINANCIAL YEAR		(237,381)	(453,694)

Blue Bay Travel Group Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2018

	Notes	2018		2017 (restated)	
		£	£	£	£
FIXED ASSETS					
Goodwill	10		7,139,548		7,533,663
Other intangibles	11		1,497,134		1,883,532
Tangible assets	12		91,509		63,673
			<u>8,728,191</u>		<u>9,480,868</u>
CURRENT ASSETS					
Debtors	14	823,457		215,868	
Cash at bank and in hand		3,070,667		2,100,908	
		<u>3,894,124</u>		<u>2,316,776</u>	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	15	(2,775,759)		(1,784,965)	
NET CURRENT ASSETS			<u>1,118,365</u>		<u>531,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,846,556</u>		<u>10,012,679</u>
CREDITORS: Amounts falling due after more than one year	16		(6,780,000)		(6,780,000)
PROVISIONS FOR LIABILITIES	18		(267,155)		(326,522)
NET ASSETS			<u>2,799,401</u>		<u>2,906,157</u>
CAPITAL AND RESERVES					
Called up share capital	19		6,098		6,098
Share premium			3,266,401		3,266,401
Share based payment reserve			217,977		87,352
Profit and loss account			(691,075)		(453,694)
TOTAL EQUITY			<u>2,799,401</u>		<u>2,906,157</u>

The financial statements on pages 9 to 32 were approved by the board of directors and authorised for issue on 13 September 2019 and are signed on its behalf by:

SD Wilson
 Director
13/09/19

Company Registration No. 10599515

Blue Bay Travel Group Limited
COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2018

	Notes	2018	2017 (restated)
		£	£
FIXED ASSETS			
Investments	13	10,737,415	10,606,790
		<u> </u>	<u> </u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	15	(1,747,207)	(1,069,207)
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(1,747,207)	(1,069,207)
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,990,208	9,537,583
		<u> </u>	<u> </u>
CREDITORS: Amounts falling due after more than one year	16	(6,780,000)	(6,780,000)
		<u> </u>	<u> </u>
NET ASSETS		2,210,208	2,757,583
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	19	6,098	6,098
Share premium		3,266,401	3,266,401
Share based payment reserve		217,977	87,352
Profit and loss account		(1,280,268)	(602,268)
		<u> </u>	<u> </u>
TOTAL EQUITY		2,210,208	2,757,583
		<u> </u>	<u> </u>

The company's loss and total comprehensive loss for the year was £678,000 (2017: £602,268).

The financial statements on pages 9 to 32 were approved by the board of directors and authorised for issue on
13 September 2019 and are signed on its behalf by:


SD Wilson
Director

13/09/19

Blue Bay Travel Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital	Share premium	Profit and loss account (restated)	Share based payment reserve (restated)	Total
	£	£	£	£	£
BALANCE AT 3 FEBRUARY 2017	-	-	-	-	-
Issue of share capital	6,098	3,266,401	-	-	3,272,499
Loss for the period	-	-	(453,694)	-	(453,694)
Share based payment	-	-	-	87,352	87,352
Total comprehensive income for the period	-	-	(453,694)	87,352	(366,342)
BALANCE AT 31 DECEMBER 2017	6,098	3,266,401	(453,694)	87,352	2,906,157
Loss for the year	-	-	(237,381)	-	(237,381)
Share based payment	-	-	-	130,625	130,625
Total comprehensive income for the year	-	-	(237,381)	130,625	(106,756)
BALANCE AT 31 DECEMBER 2018	6,098	3,266,401	(691,075)	217,977	2,799,401

Blue Bay Travel Group Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital	Share premium	Profit and loss account	Share based payment reserve (restated)	Total
	£	£	£	£	£
BALANCE AT 3 FEBRUARY 2017	-	-	-	-	-
Issue of share capital	6,098	3,266,401	-	-	3,272,499
Loss for the period	-	-	(602,268)	-	(602,268)
Share based payment	-	-	-	87,352	87,352
Total comprehensive income for the period	-	-	(602,268)	87,352	(514,916)
BALANCE AT 31 DECEMBER 2017	6,098	3,266,401	(602,268)	87,352	2,757,583
Loss for the year	-	-	(678,000)	-	(678,000)
Share based payment	-	-	-	130,625	130,625
Total comprehensive income for the year	-	-	(678,000)	130,625	(547,375)
BALANCE AT 31 DECEMBER 2018	6,098	3,266,401	(1,280,268)	217,977	2,210,208

Blue Bay Travel Group Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Notes	2018 £	2017 £
OPERATING ACTIVITIES			
Cash generated from operations	22	2,211,106	1,878,856
Income taxes paid		(65,877)	(20,960)
NET CASH FROM OPERATING ACTIVITIES		2,145,229	1,857,896
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		-	(9,729,331)
Purchase of tangible fixed assets	12	(70,864)	(83,513)
Interest received		4,771	3,236
NET CASH USED IN INVESTING ACTIVITIES		(66,093)	(9,809,608)
FINANCING ACTIVITIES			
Proceeds of new borrowings		-	6,780,000
Amount introduced by directors		-	121
Proceeds from issue of share capital		-	3,272,499
Interest paid		(1,109,377)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(1,109,377)	10,052,620
NET INCREASE IN CASH AND CASH EQUIVALENTS		969,759	2,100,908
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,100,908	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,070,667	2,100,908

Blue Bay Travel Group Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Blue Bay Travel Group Limited (“the Company”) is a private company limited by shares, and is registered and incorporated in England.

The address of the Company’s registered office and principal place of business is Unit A4, Bellringer Road, Trentham Business Quarter, Stoke-on-Trent, Staffordshire, ST4 8GB.

The Group consists of Blue Bay Travel Group Limited and its subsidiary. The Company’s and the Group’s principal activities and nature of its operations are included in the Directors’ Report.

BASIS OF ACCOUNTING

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 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in the these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

REDUCED DISCLOSURES

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 ‘Basic Financial Instruments’ & Section 12 ‘Other Financial Instrument Issues’ – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial assets not derecognised, loan defaults or breaches, and descriptions of hedging relationships.
- Section 26 ‘Share-based Payment’ – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel

The financial statements of the Company are consolidated within these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company’s profit and total comprehensive income for the year is disclosed on the company statement of financial position.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Blue Bay Travel Group Limited and of its subsidiary. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2018.

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. 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.

Blue Bay Travel Group Limited

ACCOUNTING POLICIES

GOING CONCERN

Based on forecasts prepared, the directors expect the Group to be profitable and to continue to generate positive cash flows on its own account for the foreseeable future. Blue Bay Travel Limited has no external debt and holds cash reserves on this basis the director considers the going concern basis of preparation to be appropriate.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The consolidated financial statements are presented in sterling which is also the functional currency of the Group.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) 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.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises the value of commissions (excluding VAT, similar taxes and trade discounts) on holiday bookings made. Revenue is recognised when bookings are confirmed, the point at which the company becomes entitled to commission payment.

INTANGIBLE FIXED ASSETS – GOODWILL

Goodwill representing the excess of the consideration for an acquired undertaking, compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits, taking into consideration the reputation and assembled workforce acquired.

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Other intangible assets

Intangible assets purchased other than in a business combination are only recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised separately from goodwill if the intangible asset is both separable and arises from legal or contractual rights. The group has also elected to recognise non-contractual customer relationships separately from goodwill. All other intangible assets that either arise from legal or contractual rights, or are separable, are presented within goodwill.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Supplier relationships	-	20 years
Non-contractual customer relationships	-	5 years

Blue Bay Travel Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL) (continued)

The directors believe that 20 years represents the economic life of supplier relationships based on the trading history of the business acquired along with the expected length of the continued relationship with the suppliers. Customer lists have been assessed based on historic trading data and a life of 5 years is deemed appropriate.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

RESEARCH AND DEVELOPMENT

All research and other development costs are written off as incurred.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value over its expected useful life, as follows:-

Fixtures and fittings	- 25% reducing balance
Computer equipment	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Residual value is calculated on prices prevailing at the reporting date after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

FIXED ASSETS 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.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

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 tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 is not discounted.

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 or expenses from subsidiaries 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.

Blue Bay Travel Group Limited

ACCOUNTING POLICIES

TAXATION (continued)

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.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in 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 a net basis or to realise the asset and settle the liability simultaneously.

LEASES

All leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

SHARE-BASED PAYMENTS

The Group grants share options (“equity-settled share-based payments”) to certain employees.

Equity-settled

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Group plans

The expense in relation to options over the Company’s shares granted to employees of a subsidiary is recognised by the Company as equity-settled and shown as a capital contribution to the subsidiary by increasing the Company’s investment.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Blue Bay Travel Group Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year are initially measured at the transaction price. Trade and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Other debtors

Other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

EXCEPTIONAL ITEMS

Exceptional items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence in order to assist in understanding the Group's financial performance.

RESERVES

Share premium

This arose on the issue of share capital in Blue Bay Travel Group Limited.

Profit and loss reserve

Cumulative profit and loss net of distributions.

Share based payment reserve

The cumulative share based payment expense.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

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

- The directors have estimated the fair values and useful economic lives of intangible assets acquired as part of business combinations using the expected future trading of the business based on projections at the date of acquisition and historic data and trading patterns.
- The revenue recognition accounting treatment is considered by management including consideration of the risks and rewards of the transaction, legal title of the sale and the booking date.
- The directors have determined 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 assets.
- The directors have used a number of judgements in the calculation of the share based payment charge using the Black Scholes model. Management have utilised available financial data, along with expected vesting periods based on the Group's strategy and historic employee retention patterns.

2 TURNOVER

The total turnover of the Group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018 £	332 day period ended 31 December 2017 £
Interest on bank deposits	4,771	3,236

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

4 INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2018 £	332 day period ended 31 December 2017 £
Interest on loans	678,000	596,268
Exchange losses	6,001	-
	<u>684,001</u>	<u>596,268</u>

5 LOSS BEFORE TAXATION

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

	Year ended 31 December 2018 £	332 day period ended 31 December 2017 (restated) £
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
Owned assets	26,752	19,840
Loss on disposal of fixed assets	16,276	-
Amortisation of intangible assets	780,513	690,444
Operating lease rentals:		
Plant and machinery	2,048	9,385
Land and buildings	59,617	20,000
Foreign exchange loss/(gain)	6,001	(12,964)
	<u></u>	<u></u>
Auditor's remuneration:		
Audit services:		
Statutory audit of parent and consolidated accounts	-	3,500
Statutory audit of subsidiary	14,495	9,750
	<u>14,495</u>	<u>9,750</u>

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

6 EMPLOYEES

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

	Group		Company	
	Year ended 31 December 2018 Number	332 day period ended 31 December 2017 Number	Year ended 31 December 2018 Number	332 day period ended 31 December 2017 Number
Directors	5	6	5	6
Sales and administration	73	52	-	-
	<u>78</u>	<u>58</u>	<u>5</u>	<u>6</u>

Staff costs for the above persons:

	Group		Company	
	Year ended 31 December 2018 £	332 day period ended 31 December 2017 £	Year ended 31 December 2018 £	332 day period ended 31 December 2017 £
Wages and salaries	1,779,457	1,313,745	231,952	181,730
Social security costs	138,412	111,673	29,696	22,294
Other pension costs	39,682	17,331	-	-
	<u>1,957,551</u>	<u>1,442,749</u>	<u>261,648</u>	<u>204,024</u>

DIRECTORS

In respect of the directors of Blue Bay Travel Group Limited:

	Year ended 31 December 2018 £	332 day period ended 31 December 2017 £
Remuneration	311,338	268,718
Company contributions to pension schemes	718	-
	<u>312,056</u>	<u>268,718</u>

The highest paid director received remuneration of £151,497 (2017: £139,615).

	Year ended 31 December 2018 Number	332 day period ended 31 December 2017 Number
The number of directors to whom retirement benefits are accruing under:		
- money purchase schemes was:	1	1

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

6 EMPLOYEES (continued)

Remuneration of key management personnel

The total remuneration of the directors and managers who are considered to be the key management personnel of the Company was £352,778 (2017: £300,770).

7 SHARE-BASED PAYMENTS

GROUP

Under the Group plan, share options are granted at the average price of the Groups' shares at the grant date. The employee is entitled to exercise the share options on sale or listing of the Group (the "vesting period"). If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before they become entitled to exercise the share options.

	2018		2017	
	<i>Number Options</i>	<i>Weighted average exercise price</i>	<i>Number Options</i>	<i>Weighted average exercise price</i>
Outstanding at 1 January	36,144	1	-	-
Granted during the year	3,012	1	36,144	1
Lapsed during the year	(3,012)	(1)	-	-
Outstanding at 31 December	36,144	1	36,144	1

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

During 31 December 2018, the Group recognised total share-based payment expenses of £130,625 (2017: £87,352) all relating to equity-settled share-based payment transactions.

Group share-based payment plan

Blue Bay Travel Group Limited is part of a group share-based payment plan, and measures its share-based payment expense on the basis of a reasonable allocation of the expense for the Group. The allocation is based on the number of employees benefitting from the share-based payment plan employed by each group entity. There is £nil charge in the company during the year (2017: £nil).

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

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

8 PRIOR PERIOD ADJUSTMENT DISCLOSURES

GROUP

The results for 2017 have been restated as shown below. The Group entered into a number of share based payment arrangements during the 2017 year the charge for which was not reflected in the 31 December 2017 financial statements. In addition the acquisition of Blue Bay Travel Limited in the prior year was not treated in line with FRS102 Section 18 and 19 with separable intangible assets not being recognised on acquisition. Management have reassessed the position and identified Customer lists and supplier relationships that should have been recognised along with respective deferred tax liabilities on these other intangible assets. The impacts of this restatement is noted below:

	2017 (Original) £	Recognition of share based payment charge £	Recognition of separable intangible assets £	2017 (Restated) £
Administrative expenses	(2,787,963)	(87,352)	(260,114)	(3,135,429)
Taxation charge	(93,160)	-	58,108	(35,052)
Loss before tax for period	(71,176)	(87,352)	(260,114)	(418,642)
Profit and loss reserve	(164,335)	(87,352)	(202,007)	(453,694)
Goodwill	9,299,001	-	(1,765,338)	7,533,663
Other intangibles	-	-	1,883,532	1,883,532
Deferred tax liability	(6,322)	-	(320,200)	(326,522)
Share based payment reserve	-	87,352	-	87,352

COMPANY

The results for 2017 have been restated as shown below. The Company entered into a number of share based payment arrangements during the 2017 year which were not reflected in the 31 December 2017 financial statements. The impacts of this restatement is noted below:

	2017 (Original) £	Recognition of share based payment charge £	2017 (Restated) £
Investment	10,519,438	87,352	10,606,790
Share based payment reserve	-	87,352	87,352

The expense in relation to options over the Company's shares granted to employees of a subsidiary is recognised by the Company as equity-settled and shown as a capital contribution to the subsidiary by increasing the Company's investment.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

9 TAXATION

	2018 £	2017 (restated) £
Current tax:		
UK corporation tax on profits of the year	156,678	90,336
Total current tax	156,678	90,336
Deferred tax:		
Origination and reversal of timing differences	(57,828)	(55,284)
Adjustments in respect of prior periods	(1,539)	-
Total deferred tax	(59,367)	(55,284)
Tax on loss	97,311	35,052

Factors affecting tax charge for the year:

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

	2018 £	2017 (restated) £
Loss before tax	(140,070)	(418,642)
Loss multiplied by the average standard rate of corporation tax in the UK 19% (2017: 19.25%)	(26,613)	(80,589)
Effects of:		
Expenses not deductible for tax purposes	160,600	144,155
Research and development	(34,580)	(31,338)
Accelerated capital allowances	-	2,824
Adjustments in respect of prior periods	(1,538)	-
Changes in tax rates	(558)	-
Total tax charge for the year	97,311	35,052

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

10 INTANGIBLE FIXED ASSETS - GOODWILL

GROUP	Goodwill £ (restated)
<i>Cost</i>	
At beginning and end of year	7,882,298
<i>Amortisation</i>	
At beginning of year	348,635
Charge for the year	394,115
At end of year	742,750
<i>Carrying amount</i>	
At 31 December 2018	7,139,548
At 31 December 2017	7,533,663

11 OTHER INTANGIBLES

GROUP	Customer relationships (Restated) £	Supplier relationships (restated) £	Total (restated) £
<i>Cost</i>			
At beginning and end of year	1,834,205	391,136	2,225,341
<i>Amortisation</i>			
At beginning of year	324,509	17,300	341,809
Charged in the year	366,841	19,557	386,398
	691,350	36,857	728,207
<i>Carrying amount</i>			
At 31 December 2018	1,142,855	354,279	1,497,134
At 31 December 2017	1,509,696	373,836	1,883,532

The amortisation of the above intangibles is included in administration expenses.

Customer lists have remaining useful lives of 3 years and supplier relationships 18 years as at 31 December 2018.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

12 TANGIBLE FIXED ASSETS

GROUP	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	76,985	87,343	45,055	209,383
Additions	8,907	61,957	-	70,864
Disposals	(5,019)	(11,335)	(45,055)	(61,409)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	80,873	137,965	-	218,838
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	58,384	57,698	29,628	145,710
Charge for the year	4,972	21,780	-	26,752
On disposal	(4,782)	(10,723)	(29,628)	(45,133)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	58,574	68,755	-	127,329
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>				
At 31 December 2018	22,299	69,210	-	91,509
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	18,601	29,645	15,427	63,673
	<hr/>	<hr/>	<hr/>	<hr/>

13 FIXED ASSET INVESTMENTS

COMPANY	Shares in group undertakings (restated) £
<i>Cost and net book value</i>	
At beginning of year	10,606,790
Additions	130,625
	<hr/>
At end of year	10,737,415
	<hr/>

Additions during the year relate to the share based payment charge for the year.

The Company holds more than 20% of the equity (and no other share or loan capital) of the following subsidiary undertaking:

<i>Subsidiary undertakings</i>	<i>Nature of business</i>	<i>Class of holding</i>	<i>Percentage</i>
Blue Bay Travel Limited	Travel agency	Ordinary	100%

The registered office address of the subsidiary is the same as the Group included on page 1 of these financial statements.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

14 DEBTORS

	GROUP		COMPANY	
	2018	2017	2018	2017
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	736,738	192,026	-	-
Prepayments and accrued income	79,563	23,842	-	-
Other debtors	7,156	-	-	-
	<u>823,457</u>	<u>215,868</u>	<u>-</u>	<u>-</u>

15 CREDITORS: Amounts falling due within one year

	GROUP		COMPANY	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	2,103,342	927,126	-	-
Amounts owed to group undertakings	-	-	1,570,314	466,939
Other taxation and social security costs	177,887	143,809	-	-
Corporation tax	156,678	65,877	-	-
Loan note interest	170,893	596,269	170,893	596,268
Directors' loan accounts	121	121	-	-
Accruals and deferred income	166,838	51,763	6,000	6,000
	<u>2,775,759</u>	<u>1,784,965</u>	<u>1,747,207</u>	<u>1,069,207</u>

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

16 CREDITORS: Amounts falling due after more than one year

	GROUP		COMPANY	
	2018	2017	2018	2017
	£	£	£	£
Other loans	6,780,000	6,780,000	6,780,000	6,780,000

Included in creditors are:

GROUP	Other loans	
	2018	2017
	£	£
Amounts repayable by instalments falling due after more than five years	6,780,000	6,780,000

COMPANY	Other loans	
	2018	2017
	£	£
Amounts repayable by instalments falling due after more than five years	6,780,000	6,780,000

Loan notes of £6,780,000 are repayable by 13 February 2025 or, if earlier, in full upon date of sale or listing. Interest on the loan notes is charged at 10% per annum.

17 FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments at 31 December were:

	2018	2017
	£	£
Financial assets:		
Debt instruments measured at amortised cost	743,894	192,026
Financial liabilities:		
Measured at amortised cost	9,221,194	8,355,279

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

18 PROVISIONS FOR LIABILITIES

Deferred taxation provided in the financial statements is as follows:

	GROUP		COMPANY	
	2018	2017 (restated)	2018	2017
	£	£	£	£
At beginning of year	326,522	-	-	-
Credit for the year	(59,367)	(51,786)	-	-
Deferred tax on acquisition	-	378,308	-	-
At end of year	267,155	326,522	-	-
Difference between accumulated depreciation and capital allowances	12,642	6,322	-	-
Intangible assets	254,513	320,200	-	-
	267,155	326,522	-	-

19 CALLED UP SHARE CAPITAL

	2018	2017
COMPANY	£	£
Allotted, issued and fully paid:		
211,513 A1 ordinary shares of £0.01 each	2,115	2,115
23,501 A2 ordinary shares of £0.01 each	235	235
295,180 B ordinary shares of £0.01 each	2,952	2,952
18,072 C ordinary shares of £0.01 each	181	181
10,849 D ordinary shares of £0.03 each	325	325
4,137 E ordinary shares of £0.07 each	290	290
	6,098	6,098

Ordinary share rights

The company's ordinary A1, A2 and B shares each carry the right to one vote at general meetings of the company. The company's ordinary C shares carry no rights to a vote at general meetings of the company. The company's ordinary D and E shares each carry the right to 5% of the votes at general meetings of the company. Each class of the Company's ordinary shares rank pari pasu.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

19 CALLED UP SHARE CAPITAL (continued)

Dividends and liquidation rights are payable dependent on aggregate dividends paid to date. Set percentages are in place based on the historical dividends paid to date as follows:

<i>Ordinary</i>	<i>Aggregate dividends paid to date are less than or equal to £5,936,535</i>	<i>Aggregate dividends paid to date are more than £5,936,535 but less than or equal to £13 million</i>
A	44.3%	38.8%
A2	0%	4.3%
B	55.7%	54.1%
C	0%	0%
D	0%	2.0%
E	0%	0.8%

If aggregate dividends paid to date are greater than £13 million, dividends will be payable based pro rata amongst the holders of shares as if they constituted one and the same class.

20 COMMITMENTS UNDER OPERATING LEASES

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

GROUP	2018 Other £	2017 Other £	2018 Land and buildings £	2017 Land and buildings £
<i>Amounts due:</i>				
Within one year	1,410	-	60,000	60,000
Between one and five years	5,973	-	165,000	180,000
	<u>7,383</u>	<u>-</u>	<u>225,000</u>	<u>240,000</u>

21 EXCEPTIONAL ITEMS

Included within administrative expenses for the period ended 31 December 2017 was £109,934 relating to company restructure costs.

22 RELATED PARTY TRANSACTIONS

During the year the Group had sales of £3,787 with a company under control by a director of the group. At the year-end £3,479 was due to Blue Bay Travel Limited.

Purchases of £58,000 have occurred in the year from companies and a pension scheme that are associated with the group due to being under common control. No balances were outstanding at the year end.

Blue Bay Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

22 RECONCILIATION OF LOSS AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2018	2017 (restated)
	£	£
Loss after tax	(237,381)	(453,694)
Adjustments for:		
Depreciation of tangible fixed assets	26,752	19,840
Amortisation of intangible assets	780,513	690,444
Interest receivable	(4,771)	(3,236)
Interest payable	684,001	596,268
Taxation	97,311	35,052
Loss on disposal	16,276	-
Share based payment charge	130,625	87,352
Operating cash flow before movements in working capital	1,493,326	972,026
Increase in trade and other debtors	(607,589)	(215,868)
Increase in trade and other creditors	1,325,369	1,122,698
Cash generated from operations	2,211,106	1,878,856

23 CONTINGENT LIABILITIES

The Company is a member of a VAT Group. At 31 December 2018 the aggregate VAT liability of the other companies in the Group was £135,135 (2017: 115,000).

24 ULTIMATE CONTROLLING PARTY

The Group is under the control of SD Wilson.