

COMPANY REGISTRATION NUMBER 04853546

Travel Republic Ltd

Annual Report and Financial Statements

31 March 2017

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Travel Republic Ltd
Annual Report and Financial Statements
Year ended 31 March 2017

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Travel Republic Ltd

Officers and Professional Advisers

The Board of Directors

Mr I Andrew
Mr I Simmonds
Mr A H Parkar
Mr A J Washington
Mr M Lawton

Registered Office

Clarendon House
147 London Road
Kingston Upon Thames
Surrey
KT2 6NH

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

Barclays Bank PLC
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Registered Number

04853546

Travel Republic Ltd

Strategic Report

Year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Review of the business

The principal activity of the Company during the year was that of a travel agent.

The results for the Company show a profit for the financial year of £10.7m (2016: £6.5m). Revenues reduced slightly to £64.2m (2016: £65.3m) due to the full year impact of the cessation of the Spanish and Italian websites offset by growth in U.K. and Ireland revenue.

The Company has managed to grow margins and this combined with greater efficiency and diversification of marketing channels resulted in an operating profit of £13.2m (2016: £8.0m).

Business Environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. The Company operates in the travel intermediary segment, made up of travel agents and tour operators.

International tourism has enjoyed strong and sustained growth for most periods since the 1970's. While external disruptions, particularly more recent events such as terrorism, currency and fuel volatility have restrained growth, the long term outlook for the industry remains positive. However, there may be short term ramifications to demand levels following Britain's vote to leave the EU.

Strategy and future outlook

Our principal objective is focused on the following key drivers;

- Continued progress to drive robust product innovation and selection
- Development of websites and transformation of operational areas to assist with bottom line growth
- Continue improvements in customer service transformation
- Continue improved website conversion levels

The above drivers will assist in delivering improved market share, product development and efficiencies to deliver improvements in overall profitability.

Principal Risks and Uncertainties

The Directors of the Company have identified a number of risks and uncertainties that could potentially damage the current business model and future growth opportunities of the Company.

- Potential downturn in the UK economy following Britain's exit from the EU leading to a reduction in demand for our products and services.
- Fall in demand for due to customers going to direct suppliers bypassing travel intermediary companies.

Travel Republic Ltd

Strategic Report *(continued)*

Year ended 31 March 2017

Principal Risks and Uncertainties *(continued)*

- Any significant damage to the UK group's reputation or brands. UK group comprising of all subsidiaries of dnata World Travel Ltd.
- Environmental risks and regulations.
- Major health and safety incident.
- Loss of, or difficulty in, replacing senior talent.
- Natural catastrophe including closure of airspace.
- Disruption to information technology systems or infrastructure, premises or business processes.
- Performance failure by outsourced partners and third party suppliers.
- Changes to the current regulatory environment.
- Political unrest or Terrorism in different areas of the world.

To mitigate the principal risks and uncertainties the company will;

- Continually monitor destinations that are sold and, where necessary, take advice from both regulators and the government in regard to risk assessment.
- Keep a tight control on operating costs to allow the necessary flexibility to take appropriate action if required.
- Maintain its people and culture programme including succession planning, professional development and robust recruitment process.
- The Company places great emphasis on ensuring it delivers competitively-priced products to the market through its brand and is at the forefront of adopting developments in selling and fulfilment technology.
- Continue to hedge forward currency requirements.

Key Performance Indicators ("KPI's")

The travel market is dynamic and the directors track a range of key performance indicators on a periodic basis.

The more important KPI's monitored include total transaction value, gross trading profit, EBITDA, capital expenditure and cash performance of the Company as can be seen in the Statement of Comprehensive Income and the notes included in the financial statements.

Approved by the Board on 22 September 2017 and signed on its behalf by:



Mr I Simmonds
Director

Travel Republic Ltd

Directors' Report

Year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Directors of the company

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

Mr I Andrew

Mrs A Pollard (resigned 7 August 2017)

Mr I Simmonds

Mr A H Parkar

Mr A Gill (resigned 7 July 2017)

Mr A J Washington (appointed 1 May 2017)

Mr M Lawton (appointed 1 May 2017)

Dividends

Particulars of dividends declared are detailed in Note 18 to the financial statements.

Financial risk management objectives and policies

Objectives and policies

As detailed in the notes to the financial statements, the Company seeks to manage its risk in relation to currency movements by forward buying the currency to match the known future foreign exchange requirements as the relevant customer bookings are received.

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

There is minimal liquidity, cash flow and credit risk to the company as customers pay in advance of their holidays and it is normal for the Company to carry significant amounts of cash. The risks in relation to price variance is minimised by having a wide range of providers and products on offer.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Communication

It is the Company's policy to ensure that its employees are kept fully informed on matters which affect them in order to provide the necessary understanding of the Company's business aims and performance. The Company's personnel policies ensure its employees are communicated with on a regular basis and on a wide range of issues, for example, through briefing groups, including staff committees, and through use of training programmes and notice boards.

Travel Republic Ltd

Directors' Report *(continued)*

Year ended 31 March 2017

Training and Development

The importance of staff training and development as a key to business success is recognised at all levels. The Company provides training both internally and externally related to specific business requirements, in order to improve business efficiency and to enable the Company to comply fully with legislation and local regulations.

Human Resources

The Company is committed to equality of opportunity and does not discriminate between employees or potential employees on any grounds and the requirement of all relevant employment legislation are fully recognised. Due consideration is given to recruitment, promotion, training and working conditions of all staff.

Research and development

The Company continues to develop innovative software to enable the bookings and marketing analysis systems to maintain and enhance the company's position in the market place. Attributable costs of £2,438k (£nil) were capitalised as intangible assets in the year. In 2017 £nil (2016: £1,660k) was charged to the income statement during the year.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Matters disclosed elsewhere within the financial statements

Required disclosures in relation to the company's key performance indicators, business review, principal risks and uncertainties and future developments have been included within the Company's Strategic Report on pages 2 and 3 of the financial statements.

Independent auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Travel Republic Ltd

Directors' Report *(continued)*

Year ended 31 March 2017

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 22 September 2017 and signed on its behalf by:



Mr I Simmonds
Director

Travel Republic Ltd

Independent Auditors' report to the members of Travel Republic Ltd

Year ended 31 March 2017

Report on the financial statements

Our opinion

In our opinion, Travel Republic Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2017;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the Notes to the Annual Report and Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Travel Republic Ltd

Independent Auditors' report to the members of Travel Republic Ltd *(continued)*

Year ended 31 March 2017

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Travel Republic Ltd

Independent Auditors' report to the members of Travel Republic Ltd *(continued)*

Year ended 31 March 2017

What an audit of financial statements involves

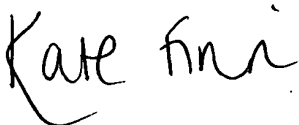
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

22 September 2017

Travel Republic Ltd

Income Statement

Year ended 31 March 2017

	Note	2017 £000	2016 £000
Revenue	4	64,226	65,272
Cost of sales		(32,057)	(36,978)
Gross Profit		<u>32,169</u>	<u>28,294</u>
Distribution costs		(65)	(75)
Administrative expenses		(18,942)	(20,230)
Operating profit	5	<u>13,162</u>	<u>7,989</u>
Net finance income	9	157	143
Profit before taxation		<u>13,319</u>	<u>8,132</u>
Income tax expense	10	(2,568)	(1,603)
Profit for the financial year		<u><u>10,751</u></u>	<u><u>6,529</u></u>

All of the activities of the Company are classed as continuing.

There is no other comprehensive income or expenses other than those included above therefore no separate statement of other comprehensive income has been presented.

Travel Republic Ltd

Statement of financial position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	11	2,174	-
Property, plant and equipment	12	543	669
		<u>2,717</u>	<u>669</u>
Current assets			
Inventories	13	977	339
Trade and other receivables	14	65,566	58,201
Cash and cash equivalents		19,303	27,403
		<u>85,846</u>	<u>85,943</u>
Creditors: amounts falling due within one year	15	<u>(73,549)</u>	<u>(68,163)</u>
Net current assets		<u>12,297</u>	<u>17,780</u>
Net assets		<u>15,014</u>	<u>18,449</u>
Equity			
Called up share capital	16	41	41
Share premium account		59	59
Retained earnings		14,914	18,349
Total shareholders' funds		<u>15,014</u>	<u>18,449</u>

Approved by the Board on 22 September 2017 and signed on its behalf by:



Mr I Simmonds
Director

The financial statements on pages 10 to 28 were approved by the board of directors.

Travel Republic Ltd

Statement of changes in equity

Year ended 31 March 2017

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
Balance as at 1 April 2016	41	59	18,349	18,449
Profit for the financial year	-	-	10,751	10,751
Total comprehensive income for the year	-	-	10,751	10,751
Dividends (note 18)	-	-	(14,186)	(14,186)
Balance as at 31 March 2017	41	59	14,914	15,014

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
Balance as at 1 April 2015	41	59	11,820	11,920
Profit for the financial year	-	-	6,529	6,529
Total comprehensive income for the year	-	-	6,529	6,529
Balance as at 31 March 2016	41	59	18,349	18,449

Travel Republic Ltd

Notes to the Annual Report and Financial Statements

Year ended 31 March 2017

1. General information

The Company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom.

The address of its registered office is:
Clarendon House
147 London Road
Kingston Upon Thames
Surrey
KT2 6NH

2. Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

The financial statements were prepared under the historical cost convention, and in accordance with the Companies Act 2006, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value.

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

Summary of disclosure exemptions

The following exemptions from requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS1;
(ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
(iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Summary of disclosure exemptions *(continued)*

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassified items in its financial statements),
 - (iii) 16 (statement of compliance with all IFRS),
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements),
 - (v) 38B-D (additional comparative information),
 - (vi) 40A-D (requirements for a third statements of financial position)
 - (vii) 111 (cash flow statement information), and
 - (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT, cancellations and other associated taxes.

Commission

Where the Company's role in a transaction is that of agent and the company does not take ownership of the products being sold, revenue is recognised on a net basis, with revenue representing commissions earned. Such revenue comprises passenger tickets sales in respect of flights, accommodation, car hire, airport parking and insurance, and is recognised on the date of booking basis.

Product sales

Where the Company's role in a transaction is that of retailer and the company purchases products for re-sale, revenue is recognised on a gross basis. Such revenue comprises attraction ticket sales and is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which is on the date of sale.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Incentive income

Where the Company acts as an agent and receives additional commission based on the achievement of certain gross sales values over a specified period, this additional commission is recognised when the company becomes entitled to receive it, which is when the relevant targets are achieved.

Merchant charges

Income received from customers in relation to merchant charges is shown in revenue gross, when it has been received from the customer.

Interest income

Interest income is recognised on a time proportion basis at the effective interest rate applicable.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The functional and presentational currency is GBP and the accounts have been rounded to the nearest thousand pound.

Tax

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

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

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Tax *(continued)*

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and intercompany borrowings. The current economic conditions continue to create uncertainty particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. The company therefore continue to adopt the going concern basis in preparing its financial statements.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2017, have had a material impact on the company.

Property, Plant and equipment

Property, Plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is charged so as to write off the cost of assets, less its estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over their estimated useful lives, as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Leasehold improvements	Over lease term
Equipment	20% - 33% straight line

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Intangible assets

Goodwill

Goodwill arising on acquisition is capitalised in the statement of financial position and is assessed for impairment on an annual basis in accordance with IAS 36 'impairment of assets'. Any impairment against carrying value is charged to the income statement (within administrative expenses) in the period in which it arises.

Research and development

Capitalised development costs are recorded as intangible assets and amortised from the point of capitalisation.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Client money received at the balance sheet date and not yet due to suppliers is included within payments on account.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Employee benefits

Defined contribution pension obligation

For defined contribution plans, the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and charged to the income statement. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The assets of the scheme are held separately from those of the Company.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's financial assets comprise trade and other debtors, cash at bank and derivative instruments. Financial liabilities comprise trade and other creditors and derivative instruments.

Derivatives and hedging

The Company uses derivative financial instruments of forward foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each year end. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any movement in derivatives is included within the income statement as administrative expenses.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

2. Summary of significant accounting policies and key accounting estimates *(continued)*

Dividends

Dividends are recognised in the financial statements once they have been declared and approved by the Directors and are treated as a deduction from shareholders equity.

3. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment and note 2 for the useful economic lives of each class of assets.

Impairment of trade and other receivables

A provision for the impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

4. Revenue

The analysis of the Company's revenue for the year from continuing operations, all of which was generated in the United Kingdom, is as follows:

	2017	2016
	£000	£000
Commissions	54,774	56,277
Sale of attraction ticket	4,529	5,287
Incentive income	3,780	2,392
Merchant charges	1,143	1,316
	<u>64,226</u>	<u>65,272</u>

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

5. Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£000	£000
Amortisation expense	264	-
Depreciation expense	361	394
Operating lease charges	609	682
Foreign exchange (gains)/losses	(1,105)	581
	<u>13,635</u>	<u>15,843</u>

6. Employees

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

	2017	2016
	£000	£000
Wages and salaries	12,200	14,508
Social security costs	1,085	1,134
Other pension costs	350	201
	<u>13,635</u>	<u>15,843</u>

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

	2017	2016
	No.	No.
Administration and support	374	345
Directors	7	5
	<u>381</u>	<u>350</u>

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

7. Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£000	£000
Remuneration	413	586
Contributions paid to money purchase schemes	34	54
	<u>447</u>	<u>640</u>

During the year the number of directors who were receiving pension benefits was as follows:

	2017	2016
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

The highest paid directors remuneration was as follows:

	2017	2016
	£000	£000
Remuneration	225	229
Company contributions to money purchase pension schemes	16	21
	<u>241</u>	<u>250</u>

8. Auditors' remuneration

	2017	2016
	£000	£000
Audit of the financial statements	67	36

9. Net finance income

	2017	2016
	£000	£000
Finance income		
Bank interest receivable	115	127
Other similar income receivable	42	16
	<u>157</u>	<u>143</u>

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

10. Income tax

Tax charged in the income statement

	2017 £000	2016 £000
Current taxation		
UK corporation tax on profits for the year	2,585	1,574
Adjustment in respect of prior periods	-	1
	<u>2,585</u>	<u>1,575</u>
Foreign tax	<u>(17)</u>	<u>28</u>
Total current tax	<u><u>2,568</u></u>	<u><u>1,603</u></u>

The tax expense for the year is lower (2016: lower) than the standard rate of corporation tax in the UK (for the year ended 31 March 2017) of 20% (2016 - 20%).

The differences are explained below:

	2017 £000	2016 £000
Profit ordinary activities before taxation	<u>13,319</u>	<u>8,131</u>
Corporation tax at standard rate	2,664	1,626
Effects of:		
Adjustments in respect of prior periods	-	1
Income not subject to tax	(127)	(99)
Foreign tax net credits	(17)	-
Expenses not deductible for tax	48	75
Total tax charge	<u><u>2,568</u></u>	<u><u>1,603</u></u>

Future tax changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 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.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

11. Intangible assets

	Research & Development	Goodwill	Total Intangible Assets
	£000	£000	£000
Cost			
At 1 April 2016	-	555	555
Additions	2,438	-	2,438
At 31 March 2017	2,438	555	2,993
Accumulated amortisation			
At 1 April 2016	-	555	555
Charge for the period	264	-	264
At 31 March 2017	264	555	819
Net Book Value			
At 1 April 2016	-	-	-
At 31 March 2017	2,174	-	2,174

Research & development costs relate to internal system development.

Amortisation is charged to administrative expenses within the consolidated statement of comprehensive income.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

12. Property, plant and equipment

	Short term leasehold improvements £000	Equipment £000	Total £000
Cost or valuation			
At 1 April 2016	193	1,069	1,262
Additions	19	241	260
Disposals	(47)	(138)	(185)
At 31 March 2017	165	1,172	1,337
Accumulated depreciation			
At 1 April 2016	56	537	593
Charge for the year	68	293	361
Eliminated on disposal	(24)	(136)	(160)
At 31 March 2017	100	694	794
Net book value			
At 1 April 2016	137	532	669
At 31 March 2017	65	478	543

Depreciation is charged to administrative expenses within the consolidated statement of comprehensive income.

13. Inventories

	2017 £000	2016 £000
Goods for resale	977	339

The cost of inventories recognised as an expense in the year amounted to £5,166,705 (2016: £5,048,537). This is included within cost of sales.

Inventory is stated after a provision of £nil (2016: £nil).

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

14. Trade and other receivables

	2017	2016
	£000	£000
Trade receivables	2,632	1,522
Amounts owed from group undertakings	46,050	38,122
Other receivables including prepayments and accrued income	16,884	14,819
Derivative financial instruments	-	3,738
	<u>65,566</u>	<u>58,201</u>

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

The directors consider the fair value of trade and other receivables to be equal to the book value given their short term nature. There are no provisions for trade receivables.

15. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Payments on account	23,930	26,391
Trade creditors	15,945	14,630
Amounts owed to group undertakings	27,842	23,381
PAYE and social security	369	374
VAT	1,452	31
Corporation Tax	175	443
Derivative financial instruments	409	-
Accruals and deferred income	3,427	2,913
	<u>73,549</u>	<u>68,163</u>

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

Included in accruals and deferred income is £46,674 (2016: £39,111) of outstanding defined contribution pension payments.

The directors consider the fair value of trade and other payables to be equal to the book value given their short term nature.

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

16. Called up share capital

Allotted and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £0.01 each	4,123,800	41	4,123,800	41

17. Other commitments

Operating leases

The company had the following future minimum lease payments under non cancellable operating leases for each of the following periods:

	2017	2016
	£000	£000
Not later than one year	735	681
Later than one year and not later than five years	2,940	170
After five years	3,675	-
	<u>7,350</u>	<u>851</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £608,916 (2016: £682,460)

18. Dividends

	2017	2016
	£000	£000
Equity dividends of £3.44 (2016: £nil) per ordinary share declared during the year	<u>14,186</u>	<u>-</u>

19. Commitments

Other financial commitments

The company enters into forward foreign currency contracts in order to manage its currency risks arising from its operations. At 31 March 2017, the company had committed to the following forward currency contracts: US Dollars: \$5,655,000 (agreed rate equates to £4,430,062) Euros: €85,602,000 (agreed rate equates to £73,934,435). The fair value of these is recognised in the Statement of Financial Position with a liability of £408,577 as at 31 March 2017 (2016: asset of £3,737,765).

Travel Republic Ltd

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 March 2017

20. Hedging instruments

Fair value hedges

The Company carries foreign exchange forward contracts at fair value in the financial statements. These are classified as fair value through profit or loss for accounting purposes. The instruments are used to hedge against currency risks.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk as a result of transactions and outstanding balances with overseas customers and suppliers which are primarily denominated in US Dollar or Euro.

The Company regularly takes out matching forward exchange contracts to mitigate the Company's exposure to changes in foreign exchange rates and applies fair value hedge accounting to such transactions (see accounting policies). The fair value of forward exchange contract will change in response to fluctuations in the underlying currency of the contract. The fair value of forward exchange contracts at the end of each year is disclosed in Notes 14 and 15.

21. Parent and ultimate parent undertaking

The immediate parent company is Travel Republic Holdings Ltd, a company incorporated in Great Britain and registered in England and Wales.

The penultimate parent company is dnata, a company incorporated in Dubai. The ultimate parent undertaking and controlling company at the year-end was the Investment Corporation of Dubai, a company incorporated in the United Arab Emirates under an Emiri decree.

dnata World Travel Limited is the parent undertaking of the smallest group to consolidate these financial statements. Copies of dnata World Travel Limited consolidated financial statements can be obtained from the Company Secretary at Clarendon House, 147 London Road, Kingston Upon Thames, Surrey, KT2 6NH, UK.

dnata is the ultimate company to consolidate these financial statements. Copies of dnata consolidated financial statements can be obtained from the company secretary at dnata Travel Centre, PO Box 1515, Dubai, UAE.