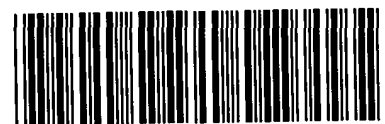


**IGLUFASNET LIMITED  
CONSOLIDATED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 MAY 2016**

COMPANIES HOUSE

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# IGLUFASNET LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Hurley G Wills R Downs S Clark M Bailey-Williams L Vincent P Landsman
<b>Secretary</b>	L Vincent
<b>Company number</b>	09602565
<b>Registered office</b>	2nd Floor 165 The Broadway Wimbledon London SW19 1NE
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB

# IGLUFASNET LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 MAY 2016

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The directors present the strategic report and financial statements for the period ended 31 May 2016.

#### **Review of the Business and Future Developments**

On the 12th June 2015 the group acquired the group of companies headed by IGLU.COM Manco Limited. The group has continued to out-perform a challenging market, with gross retail turnover and operating profit both increasing in the year, by 18% and 4% respectively in the trading subsidiary IGLU.COM Limited.

The business comprises 3 key products: Iglu Cruise, Iglu Ski and Planet Cruise operated out of offices in Wimbledon and Portsmouth. There has been a focus on increased contribution across all three products, with a continued emphasis on acquiring and retaining customers and maintaining our strong supplier relationships, whilst generating the highest margins possible. Whilst contribution across the cruise brands (ocean and river) increased, the late arrival of snow in ski resorts again proved challenging for the ski market. The group has taken advantage of the growing river cruise market and has seen strong sales with a number of key suppliers.

The group is an award winning business. Recent achievements include TTG top 50 agents; Best Cruise Agency and Best Call Centre demonstrating how highly the group and its brand are valued by both customers and suppliers.

During the year the group began to invest in developing a long-haul product. However, due to the continuing capacity increases in the cruise market, have made the decision to abandon this product, to write off the associated costs totalling £255,916 and focus on driving additional benefits from cruise sales. These costs are shown as an exceptional cost in the consolidated statement of comprehensive income.

During the year the group continued to monitor and report on a number of Key Performance Indicators, both financial (such as average selling prices, gross margin percentage, volumes) and non-financial (such as customer and employee satisfaction/retention).

The directors are optimistic that the business is well placed to drive further growth, especially given the increased capacity in the cruise market and continued move to on-line.

The group has considerable financial resources together with strong customer and supplier relationships and as a consequence, the directors believe that the group is well placed to manage its business risks successfully. The long-term shareholder liabilities (detailed in note 19) are not impacting the group's ability to meet short-term liabilities, financial covenants or regulatory requirements, and therefore the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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

The group operates in a competitive environment that may result in increased risk through pressures on income and cost. The following are some of the key risks that face the group.

##### *Competition*

Competition in the travel agent market is intense, as it is across retailing in general. The group competes against other travel agents in the internet market place however the directors believe that the strength of the brand gives them a strong competitive advantage.

# IGLUFASNET LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### *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, however the industry has a good track record of responding to these events and the nature of cruising means that ships can be redeployed from affected areas in order to reduce exposure.

#### *Interest rate cash flow risk*

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

The group used an interest rate cap to reduce interest rate exposure where payments are variable and hence exposed to interest rate movements.

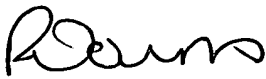
#### *Foreign exchange rate risk*

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

#### **Research and development**

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

By order of the board



.....  
R Downs  
Director

27/09/2016

# IGLUFASNET LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MAY 2016

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The directors present their report and consolidated financial statements for the period ended 31 May 2016.

#### Principal activities

The company was incorporated on 21 May 2015. These accounts have been prepared for a period greater than one year and represent the company and group's first financial statements. The principal activity of the company is that of a holding company for a group providing travel agency services.

#### Directors

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

C Hurley	(Appointed 12 June 2015)
G Wills	(Appointed 12 June 2015)
R Downs	(Appointed 21 May 2015)
S Clark	(Appointed 21 May 2015)
M Bailey-Williams	(Appointed 21 May 2015)
L Vincent	(Appointed 12 June 2015)
P Landsman	(Appointed 12 June 2015)

#### Results and dividends

The results for the period are set out on page 8. No ordinary dividends were paid and the directors do not recommend payment of a final dividend.

#### Disabled persons

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

#### Employee involvement

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

#### Auditor

RSM UK Audit LLP were appointed auditor to the company and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

#### Statement of disclosure to auditor

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

On behalf of the board



R Downs

Director

27/09/2016

# **IGLUFASTNET LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE PERIOD ENDED 31 MAY 2016**

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

Company law requires the directors to prepare financial statements for each financial period. 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 and the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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 IGLUFASTNET LIMITED

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the group and parent company financial statements of IgluFastnet Limited (the "financial statements") which comprise the group and parent company Balance Sheets as at 31 May 2016 and the group Profit and Loss Account, the group Statement of Cash Flows and the group and company Statement of Changes in Equity for the year then ended and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 May 2016 and of the group's loss for the period 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.

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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

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 Company in accordance with the Ethical Standard issued by the Financial Reporting Council 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

Under ISAs UK we are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

As part of our audit we have concluded that the directors' use of the going concern basis is appropriate and no material uncertainty exists. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted these statements are not a guarantee as to the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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## **Other information**

Management is responsible for the other information.

The other information comprises the Strategic Report and the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in the auditor's report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

## **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

### **Responsibilities of Directors for the preparation of the Financial Statements**

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, 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 and 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 and parent Company or to cease operations, or has 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 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 the auditor's responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>. This description forms part of our auditor's report.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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



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

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

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

- adequate accounting records have not been kept, 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; 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.

*RSM UK Audit LLP*

IAN BELL (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

*28 September 2016*

# IGLUFASNET LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MAY 2016

	Notes	2016 £
Group gross retail turnover		199,888,549
		<u>                    </u>
<b>Turnover</b>	<b>3</b>	83,984,809
Cost of sales		(61,980,173)
		<u>                    </u>
<b>Gross profit</b>		22,004,636
Administrative expenses		(19,833,063)
Exceptional items	<b>4</b>	(690,054)
		<u>                    </u>
<b>Operating profit</b>	<b>4</b>	1,481,519
Interest receivable and similar income	<b>8</b>	36,299
Interest payable and similar charges	<b>9</b>	(5,302,543)
		<u>                    </u>
<b>Loss on ordinary activities before taxation</b>		(3,784,725)
Taxation	<b>10</b>	(135,897)
		<u>                    </u>
<b>Loss for the financial period</b>		(3,920,622)
		<u>                    </u>
<b>Total comprehensive income for the period</b>	<b>25</b>	(3,920,622)
		<u>                    </u>

Total comprehensive income for the period is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There was no comprehensive income during the period other than profit on ordinary activities.

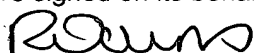
**IGLUFASNET LIMITED**

Company Registration No. 09602565

**STATEMENTS OF FINANCIAL POSITION****AS AT 31 MAY 2016**

	Notes	Group 2016 £	Company 2016 £
<b>Fixed assets</b>			
Goodwill	11	26,632,175	-
Other intangible assets	11	32,498,490	-
Total intangible assets		59,130,665	-
Tangible assets	12	274,965	-
Investments	13	-	42,382,378
		59,405,630	42,382,378
<b>Current assets</b>			
Debtors	15	54,078,893	22,313,943
Cash at bank and in hand		15,843,753	-
		69,922,646	22,313,943
<b>Creditors: amounts falling due within one period</b>	16	(58,377,225)	(1,051,932)
Net current assets		11,545,421	21,262,011
<b>Total assets less current liabilities</b>		70,951,051	63,644,389
<b>Creditors: amounts falling due after more than one period</b>	17	(68,557,660)	(64,840,982)
<b>Provisions for liabilities</b>	21	(6,195,836)	-
<b>Net liabilities</b>		(3,802,445)	(1,196,593)
<b>Capital and reserves</b>			
Called up share capital	24	9,331	9,331
Share premium account	25	108,846	108,846
Capital redemption reserve	25	587	587
Profit and loss reserves	25	(3,921,209)	(1,315,357)
<b>Equity attributable to owners of the parent company</b>		(3,802,445)	(1,196,593)

The financial statements were approved by the board of directors and authorised for issue on 27/09/16 and are signed on its behalf by:



R Downs  
Director

# IGLUFASNET LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MAY 2016

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	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 21 May 2015</b>		-	-	-	-	-
Loss for the period		-	-	-	(3,920,622)	(3,920,622)
Issue of shares	<b>24</b>	9,918	109,418	-	-	119,336
Repurchase of own shares	<b>24</b>	(587)	(572)	587	(587)	(1,159)
<b>Balance at 31 May 2016</b>		<u>9,331</u>	<u>108,846</u>	<u>587</u>	<u>(3,921,209)</u>	<u>(3,802,445)</u>

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# IGLUFASNET LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MAY 2016

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	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 21 May 2015		-	-	-	-	-
Loss for the period		-	-	-	(1,314,770)	(1,314,770)
Issue of shares	24	9,918	109,418	-	-	119,336
Repurchase of own shares	24	(587)	(572)	587	(587)	(1,159)
Balance at 31 May 2016		<u>9,331</u>	<u>108,846</u>	<u>587</u>	<u>(1,315,357)</u>	<u>(1,196,593)</u>

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# IGLUFASNET LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MAY 2016

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	Notes	2016 £
<b>Cash flows from operating activities</b>		
Cash generated from operations	30	30,737,391
Interest paid		(1,093,254)
Income taxes paid		(701,142)
		<hr/>
<b>Net cash from operating activities</b>		28,942,995
		<hr/>
<b>Investing activities</b>		
Purchase of intangible assets		(541,016)
Purchase of tangible fixed assets		(189,967)
Purchase of subsidiaries (net of cash acquired)		(27,178,879)
Interest received		36,299
		<hr/>
<b>Net cash from investing activities</b>		(27,873,563)
		<hr/>
<b>Financing activities</b>		
Proceeds from issue of shares		119,336
Purchase of own shares		(1,159)
Proceeds of new bank loans		20,000,000
Repayment of bank loans		(5,315,862)
Payment of obligations under finance leases		(27,994)
		<hr/>
<b>Net cash from financing activities</b>		14,774,321
		<hr/>
<b>Net increase in cash and cash equivalents</b>		15,843,753
		<hr/>
<b>Cash and cash equivalents at beginning of period</b>		-
		<hr/>
<b>Cash and cash equivalents at end of period</b>		15,843,753
		<hr/>
<b>Relating to:</b>		
Bank balances and short term deposits included in cash at bank and in hand		15,843,753
		<hr/>
		15,843,753
		<hr/>

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# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 1 Accounting policies

##### Company information

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

The group consists of Iglufastnet Limited and all of its subsidiaries. The company's and the group's principal activities are disclosed in the Directors' Report.

##### Accounting convention

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

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

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

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

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the period was £1,314,770.

##### Basis of consolidation

The consolidated financial statements incorporate those of Iglufastnet Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 May 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

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.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 1 Accounting policies (continued)

##### **Going concern**

At the time of approving the financial statements, the Directors maintain that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors have determined that the accounts should be prepared under the going concern basis. This expectation is based on sensitivity analysis of the Group's forecast models, which demonstrate the Group's ability to satisfy all funding covenants and regulatory requirements for the period to 30 September 2017. The Statement of Financial Position shows a net liability position as a result of the accrued interest due on the long-term debt that arose as part of the acquisition of IGLU.COM Manco Limited in June 2015. Neither the base debt, nor the accrued interest, is due for payment before 2025.

##### **Turnover**

Turnover, excluding value added tax, represents the value of transactions, being cruise, flights and ancillary products in which the group is, for these purposes, regarded as being the principal. Turnover also includes the commission receivable by the group on transactions in which it is regarded as acting as an agent. In all cases, turnover is recognised on the booking date.

##### **Gross retail turnover**

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

##### **Cancellation provisions**

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

##### **Intangible fixed assets - goodwill**

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

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

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.



# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 1 Accounting policies (continued)

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

Software	over 3 years
Brand and customer base	over 20 years

#### **Tangible fixed assets**

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

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

Fixtures, fittings & equipment	over 3 to 5 years
--------------------------------	-------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Fixed asset investments**

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call with banks and the CAA.

#### **Financial instruments**

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

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

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

#### **Trade, group and other debtors**

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

#### **Impairment of financial assets**

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

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

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### **1 Accounting policies (continued)**

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

#### ***Derecognition of financial assets***

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

#### ***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 company after deducting all of its liabilities.

#### ***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. Debt instruments with terms that do not meet the conditions to be treated as 'basic' are subsequently measured at fair value through profit or loss.

#### ***Derecognition of financial liabilities***

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

#### ***Equity instruments***

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

#### ***Taxation***

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

Current and deferred tax is charged or credited 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.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### **1 Accounting policies (continued)**

Current tax is based on taxable profit for the period. 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 allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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

#### **Provisions**

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

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

#### **Employee benefits**

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

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

#### **Retirement benefits**

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

#### **Leases**

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

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

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### 1 Accounting policies (continued)

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

#### **Foreign exchange**

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

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to profit or loss.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Critical judgements**

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

#### **Revenue recognition**

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

#### **Cancellation provision**

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

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

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### 2 Judgements and key sources of estimation uncertainty (continued)

#### **Key sources of estimation uncertainty**

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

#### **Goodwill amortisation**

Management have estimated that the goodwill recognised on investment in subsidiaries will provide economic benefits for 10 years and have therefore amortised goodwill on this basis.

#### **Brand and customer base**

Iglufastnet Limited recognised an intangible asset on acquisition of the IGLU.COM Manco group relating to the value of the brand and customer base acquired. Management considered that the fair value of this asset amounted to £32,975,151 at acquisition and would provide economic benefits to the group for 20 years, and have therefore amortised the asset on this basis.

#### **Loan notes**

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

### 3 Turnover

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

	2016 £
<b>Class of business</b>	
Commission for acting as agent	12,738,400
Sales value for acting as principal	71,246,409
	<hr/> 83,984,809 <hr/>
<b>Other revenue</b>	
Interest income	<hr/> 36,299 <hr/>

All of the group's turnover is derived from sales within the UK.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 4 Operating profit

2016  
£

Operating profit is stated after charging/(crediting):

Exchange gains	(690)
Depreciation of owned tangible fixed assets	165,756
Depreciation of tangible fixed assets held under finance leases	23,166
Amortisation of intangible assets	4,557,592
Loss on disposal of intangible assets	96,490
Operating lease charges	266,601
Exceptional costs	690,054

The exceptional costs relate to the discontinued long-haul product £255,916, and the refinancing arrangement fee which arose in 2014 of £434,138 and has subsequently been written off following the re-financing in 2015 as a part of the acquisition of IGLU.COM Manco Limited.

#### 5 Auditor's remuneration

2016  
£

Fees payable to the company's auditor and its associates

**For audit services:**

Audit of the group's and company's financial statements	48,000
Audit of the company's subsidiaries	42,459

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90,459

**For other services:**

Taxation compliance services	16,475
All other non-audit services	44,120

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60,595

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# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 6 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

	<b>2016 Number</b>
Sales & marketing	148
Management & administration	110
	<hr/> 258 <hr/>

Their aggregate remuneration comprised:

	<b>2016 £</b>
Wages and salaries	8,278,120
Social security costs	916,673
Pension costs	110,736
	<hr/> 9,305,529 <hr/>

#### 7 Directors' remuneration

	<b>2016 £</b>
Remuneration for qualifying services	686,756
Company contributions to defined contribution pension schemes	11,882
Sums paid to third parties for directors' services	181,557
	<hr/> 880,195 <hr/>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8.

Remuneration disclosed above include the following amounts paid to the highest paid director

	<b>2016 £</b>
Remuneration	150,840
Company contributions to defined contribution pension schemes	2,743
	<hr/> 153,583 <hr/>

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

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<b>8</b>	<b>Interest receivable and similar income</b>	<b>2016</b>
		<b>£</b>
	<b>Interest income</b>	
	Interest on bank deposits	24,439
	Other interest income	11,860
		<hr/>
	Total interest revenue	36,299
		<hr/>
	Investment income includes the following:	
	Interest on financial assets not measured at fair value through profit or loss	36,299
		<hr/>
		<hr/>
<b>9</b>	<b>Interest payable and similar charges</b>	<b>2016</b>
		<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>	
	Interest on bank overdrafts and loans	985,066
	Interest on finance leases and hire purchase contracts	3,112
	Interest on other loans	105,076
		<hr/>
		1,093,254
		<hr/>
	<b>Interest on financial liabilities measured at fair value through profit or loss:</b>	
	Interest on other loans	4,209,289
		<hr/>
		5,302,543
		<hr/>
		<hr/>
<b>10</b>	<b>Taxation</b>	<b>2016</b>
		<b>£</b>
	<b>Current tax</b>	
	UK corporation tax on profits for the current period	506,230
	Adjustments in respect of prior periods	(111,186)
		<hr/>
	Total current tax	395,044
		<hr/>

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# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

#### 10. Taxation (continued)

##### Deferred tax

Origination and reversal of timing differences	27,872
Unwinding of deferred tax recognised on intangibles as part of a business combination	(287,019)

Total deferred tax	(259,147)
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Total tax charge	135,897
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Reductions to the UK Corporation tax rates were substantively enacted as part of the Finance (No.2) Bill 2015 on 26 October 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

The charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 £
Loss before taxation	(3,784,725)
Expected tax charge based on a corporation tax rate of 20.00%	(756,945)
Tax effect of expenses that are not deductible in determining taxable profit	1,863,503
Income not taxable	(359,369)
Adjustments in respect of prior periods	(111,186)
Deferred tax not recognised	(126,872)
Permanent capital allowances in excess of depreciation	1,568
Deferred tax adjustments in respect of prior periods	(74,457)
Adjustment of deferred tax to average rate	(6,520)
Adjustments to brought forward values	(14,063)
Unwinding of deferred tax recognised on intangibles as part of a business combination	(287,019)
Other	7,257
Tax expense for the period	135,897

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

#### 11 Intangible assets

##### Group

	Goodwill £	Brand and customer base £	Computer software £	Total £
<b>Cost</b>				
21 May 2015	-	-	-	-
Additions				
- internally developed	-	-	541,016	541,016
- purchased in acquisition	2,496,758	-	450,325	2,947,083
Arising on acquisition	26,834,782	32,975,151	486,715	60,296,648
Disposals	-	-	(96,490)	(96,490)
31 May 2016	29,331,540	32,975,151	1,381,566	63,688,257
<b>Amortisation and impairment</b>				
21 May 2015	-	-	-	-
Amortisation charged in the period	2,699,365	1,594,552	263,675	4,557,592
31 May 2016	2,699,365	1,594,552	263,675	4,557,592
<b>Carrying amount</b>				
31 May 2016	26,632,175	31,380,599	1,117,891	59,130,665
21 May 2015	-	-	-	-

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

##### Company

The company had no intangible fixed assets at 31 May 2016.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

#### 12 Tangible fixed assets

Group	Fixtures, fittings & equipment £
<b>Cost or valuation</b>	
21 May 2015	-
Additions	189,967
Acquisitions through business combinations	273,920
Disposals	(51,905)
	<hr/>
31 May 2016	411,982
	<hr/>
<b>Depreciation and impairment</b>	
21 May 2015	-
Depreciation charged in the period	188,922
Eliminated in respect of disposals	(51,905)
	<hr/>
31 May 2016	137,017
	<hr/>
<b>Carrying amount</b>	
31 May 2016	274,965
	<hr/>
21 May 2015	-
	<hr/>

The net carrying value of tangible fixed assets held under finance leases or hire purchase contracts was £nil at 31 May 2016. The depreciation charge in respect of such assets amounted to £23,166 for the period.

#### Company

The company had no tangible fixed assets at 31 May 2016.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

13	Fixed asset investments	Notes	Group 2016 £	Company 2016 £
	Investments in subsidiaries	14	-	42,382,378
	<b>Movements in fixed asset investments</b>			<b>Shares in subsidiary undertakings</b>
	<b>Company</b>			<b>£</b>
	<b>Cost or valuation</b>			
	At 21 May 2015			-
	Additions			42,382,378
	At 31 May 2016			42,382,378
	<b>Carrying amount</b>			
	At 31 May 2016			42,382,378
	At 21 May 2015			-

Investments in subsidiary undertakings are held at historic cost.

## 14 Subsidiary undertakings

Details of the company's subsidiaries at 31 May 2016 are as follows:

Name of undertaking	Class of shareholding	Nature of business	% Held	
			Direct	Indirect
IGLU.COM Manco Limited*	Ordinary	Intermediate holding company	100.00	
IGLU.COM Holdco Limited*	Ordinary	Intermediate holding company		100.00
IGLU.COM Midco Limited*	Ordinary	Intermediate holding company		100.00
IGLU.COM Bidco Limited*	Ordinary	Intermediate holding company		100.00
IGLU.COM Holidays Limited*	Ordinary	Intermediate holding company		100.00
IGLU.COM Limited	Ordinary	Travel agent		100.00
IGLU.COM Transport Limited	Ordinary	Transport services		100.00
Planet Cruise Limited*	Ordinary	Not trading		100.00
IGLU.COM Trustees Limited	Ordinary	Dormant		100.00

All subsidiary undertakings are registered and incorporated in England and Wales.

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

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

### 15 Debtors

	Group 2016 £	Company 2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	47,940,855	-
Corporation tax recoverable	980	-
Amounts due from group undertakings	-	1,597,246
Other debtors	26,959	-
Prepayments and accrued income	1,978,596	42,420
Deferred tax asset	1,860	-
	<u>49,947,390</u>	<u>1,639,666</u>
<b>Amounts falling due after more than one year:</b>		
Trade debtors	4,129,643	-
Amounts due from group undertakings	-	20,674,277
	<u>4,129,643</u>	<u>20,674,277</u>
<b>Total debtors</b>	<u>54,078,893</u>	<u>22,313,943</u>

### 16 Creditors: Amounts falling due within one year

	Notes	Group 2016 £	Company 2016 £
Bank loans and overdrafts	19	1,000,000	1,000,000
Obligations under finance leases	20	11,055	-
Corporation tax payable		4,347	-
Other taxation and social security		520,264	-
Trade creditors		55,761,409	-
Other creditors		3,242	-
Accruals and deferred income		1,076,908	51,932
		<u>58,377,225</u>	<u>1,051,932</u>

Net obligations under finance leases of £11,055 are secured on the assets concerned.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

17	Creditors: Amounts falling due after more than one year	Notes	Group 2016 £	Company 2016 £
	Bank loans and overdrafts	19	18,238,218	18,238,218
	Trade creditors		3,716,678	-
	Other borrowings	19	42,393,475	42,393,475
	Accruals		4,209,289	4,209,289
			<u>68,557,660</u>	<u>64,840,982</u>
			<u><u>68,557,660</u></u>	<u><u>64,840,982</u></u>
18	Financial instruments			Group 2016 £
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost			52,097,457
				<u>52,097,457</u>
	<b>Carrying amount of financial liabilities</b>			
	Measured at amortised cost			84,005,744
	Measured at fair value through profit or loss			42,393,475
				<u>126,399,219</u>
				<u><u>126,399,219</u></u>

### Interest cap

The group has purchased an interest cap to hedge 50% of the revolving loan facility until June 2018. The cap is set at 1.5% and has a fair value at 31 May 2016 of £11,782 which has been recognised through the statement of comprehensive income.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

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<b>19</b>	<b>Borrowings</b>	<b>Group 2016 £</b>
	Bank loans	19,238,218
	Loans from related parties	42,393,475
		<hr/>
		61,631,693
		<hr/>
	Payable within one year	1,000,000
	Payable after one year	60,631,693
		<hr/>
	Amounts included above which fall due after five years:	
	Payable by instalments	-
	Payable other than by instalments	42,393,475
		<hr/>

The bank loan and £21,196,738 of the loan notes are secured by way of a charge against the shares of the group.

Bank loans were taken out during the year and incur interest at a fixed rate of 3.75% plus LIBOR. These loans are repayable in instalments and mature on 30 November 2020.

Loans from related parties totalling £42,393,475 were received during the year in relation to the acquisition of IGLU.COM Manco Limited. These loans are repayable in 2025 and incur interest at a rate of 10% per annum which compounds every 6 months. The conditions of these instruments allow for their settlement at an amount which is less than the initial principal loaned, therefore these loans have been measured at fair value through profit or loss.

## **20** Finance lease commitments

Future minimum lease payments due under finance leases:

	<b>Group 2016 £</b>	<b>Company 2016 £</b>
Less than one period	11,581	-
	<hr/>	<hr/>
	11,581	-
Less: future finance charges	(526)	-
	<hr/>	<hr/>
Total	11,055	-
	<hr/>	<hr/>

Finance lease payments represent rentals payable by the company or group for certain items of equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The liability noted above is secured against the related assets.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

### 21 Provisions for liabilities

	Notes	Group 2016 £	Company 2016 £
Cancellation provision		486,788	-
Deferred tax liabilities	22	5,709,048	-
		<u>6,195,836</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group and company	Cancellation provision £
21 May 2015	-
Acquired in a business combination	376,391
Additional provision in period	521,120
Utilised in the period	(410,723)
	<u>486,788</u>
31 May 2016	<u>486,788</u>

A cancellation provision of £486,788 has been recognised for the group and company for expected cancellations and other margin dilution on holidays booked prior to the year-end but not yet departed. It is expected that most of this provision will be utilised in the next financial year and all will be incurred within two years of the balance sheet date. No provisions have been recognised in respect of potential disruptions to customer travel.

### 22 Deferred taxation

	Group 2016 £	Company 2016 £
Deferred tax liabilities	5,709,048	-
Deferred tax assets	(1,860)	-
	<u>5,707,188</u>	<u>-</u>
Net position at 31 May 2016		



# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

#### 22 Deferred taxation (continued)

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:	Group 2016 £	Company 2016 £
Excess depreciation over capital allowances	60,540	-
Recognised on intangibles as part of a business combination	5,648,508	-
Total	5,709,048	-
Deferred tax assets:	Group 2016 £	Company 2016 £
Tax losses	1,860	-
Total	1,860	-

Of the total deferred tax liability above, £60,540 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period. The remaining balance is expected to reverse after 12 months and relates to timing differences on intangibles acquired as part of a business combination.

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

#### 23 Retirement benefits schemes

##### Defined contribution schemes

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to profit or loss during the year amounted to £110,736.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

### 24 Share capital

	No.	Group and company 2016 £
<b>Ordinary share capital</b>		
Allotted, issued and fully paid:		
A Ordinary of 0.2p each	1,000,000	2,000
B1 Ordinary of 0.2p each	403,990	808
B2 Ordinary of 0.2p each	130,191	260
B3 Ordinary of 0.2p each	133,475	267
B4 Ordinary of 0.2p each	453,708	907
C Ordinary of 0.5p each	1,017,702	5,089
31 May 2016	3,139,066	9,331

#### *A Ordinary share rights*

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

#### *B Ordinary share rights*

The company's B Ordinary shares, which carry no right to fixed income and no voting rights, may participate in a dividend and distribution of assets only after payment to the holders of the C Ordinary shares.

#### *C Ordinary share rights*

The company's C Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### Issue of shares during the period:

	No. of Shares	Total nominal value £	Total premium £	Total consideration received £
A Ordinary of 0.2p each	1,000,000	2,000	98,000	100,000
B1 Ordinary of 0.2p each	403,990	808	-	808
B2 Ordinary of 0.2p each	137,420	275	-	275
B3 Ordinary of 0.2p each	133,475	267	-	267
B4 Ordinary of 0.2p each	453,708	907	-	907
C Ordinary of 0.5p each	1,132,151	5,661	11,418	17,079
	3,260,744	9,918	109,418	119,336

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 24 Share capital (continued)

Reconciliation of movements during the period:	Group and company 2016 No.
At 21 May 2015	-
Issue of fully paid shares	3,260,744
B2 Ordinary shares repurchased	(114,449)
C Ordinary shares repurchased	(7,229)
	<hr/>
At 31 May 2016	3,139,066
	<hr/>

During the period the group repurchased 121,678 of its Ordinary shares, being 114,449 C Ordinary shares and 7,229 B2 Ordinary shares, representing 3.7% of the called up Ordinary share capital. The total consideration paid on redemption of £1,159 was equal to the amount originally received and includes a premium of £572.

#### 25 Reserves

##### **Share premium account**

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

##### **Capital redemption reserve**

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

##### **Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

#### 26 Acquisition of business

On 12 June 2015, Iglufastnet Limited acquired 100% of the issued share capital of IGLU.COM Manco Limited and its subsidiaries, as disclosed in note 14. IGLU.COM Manco Limited and its subsidiaries are companies incorporated in England and Wales and are involved in the travel industry. The cost of the acquisition comprised cash consideration of £24,710,520, loan notes issued of £14,110,925 and acquisition expenses of £3,560,933. The goodwill arising on acquisition of £26,834,782 is considered to have a useful life of 10 years.

Consolidated turnover and consolidated profit after tax comprise turnover of £80,145,853 and profit after tax of £1,376,265 attributable to IGLU.COM Manco Limited and its subsidiaries between the date of acquisition and 31 May 2016.

IGLU.COM Manco Limited and its wholly owned subsidiaries have been accounted for using the acquisition method of accounting. At 12 June 2015 (the 'acquisition date'), the assets and liabilities of IGLU.COM Manco Limited and its subsidiaries were consolidated at their fair values to the group, as set out below:

	Book value £	Fair value £
Intangible fixed assets	14,878,088	35,958,624
Tangible fixed assets	273,920	273,920
Debtors	38,805,939	38,805,939
Cash at bank	16,031,774	16,031,774
Creditors	(69,140,907)	(69,140,907)
Provisions:		
- Cancellations	(376,391)	(376,391)
- Taxation	(69,836)	(69,836)
- Deferred tax on intangibles	-	(5,935,527)
	<hr/> 402,587	<hr/> 15,547,596
Goodwill		26,834,782
Total consideration		<hr/> 42,382,378 <hr/>
Satisfied by:		
Cash		24,710,520
Loan notes		14,110,925
Acquisition costs		3,560,933
		<hr/> 42,382,378 <hr/>

The difference between the book value and fair value of intangible assets acquired represents fair value adjustments in respect of brand and customer base. The intangible assets are not recognised as assets in the individual financial statements of the parent or subsidiary companies and had fair values at the date of acquisition totalling £32,975,157.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 27 Financial commitments, guarantees and contingent liabilities

The group had insurance covered ABTA bonds at the year end to the value of £1,745,270.

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

The group has other insurance covered bonds at 31 May 2016 to the value of £2,000,000.

#### 28 Operating lease commitments

##### Lessee:

Operating lease payments represent rentals payable by the group for use of its properties and certain equipment.

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

	<b>Group 2016 £</b>	<b>Company 2016 £</b>
Within one year	266,601	-
Between one and five years	808,982	-
After five years	388,598	-
	<hr/>	<hr/>
	1,464,181	-
	<hr/>	<hr/>

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MAY 2016

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### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows:

	<b>2016</b> <b>£</b>
Aggregate compensation	974,163

#### Transactions with related parties

	<b>Loans advanced to Iglufastnet Limited 2016 £</b>
Entities with significant influence over the company	46,602,764

The following amounts were outstanding at the reporting end date:

	<b>Amounts owed to related parties 2016 £</b>
Entities with significant influence over the company	46,602,764

The balance above comprises a principal amount of £42,393,475 and accrued interest of £4,209,289.

# IGLUFASNET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MAY 2016

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#### 30 Cash generated from operations

	<b>2016</b>
	<b>£</b>
Profit for the period	(3,920,622)
<b>Adjustments for:</b>	
Income tax expense recognised in profit or loss	135,897
Finance costs recognised in profit or loss	5,302,543
Investment income recognised in profit or loss	(36,299)
Loss on disposal of intangible fixed assets	96,490
Amortisation and impairment of intangible assets	4,557,592
Depreciation and impairment of tangible fixed assets	188,922
Increase in provisions	40,561
	<hr/>
<b>Operating cash flows before movements in working capital</b>	<b>6,365,084</b>
(Increase) in trade and other debtors	(15,309,513)
Increase in trade and other creditors	39,681,820
	<hr/>
Cash generated from operations	30,737,391
	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>	
Cash and cash equivalents represent:	
Cash at bank	15,843,753
	<hr/>