
1ST CLASS HOLIDAYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1ST CLASS HOLIDAYS LIMITED

COMPANY INFORMATION

Directors	P Ainsworth Mrs S R Mason P N Bland D E Gathercole
Company secretary	Mrs S R Mason
Registered number	03445248
Registered office	Trafford House Chester Road Old Trafford Manchester M32 0RS
Independent auditors	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

1ST CLASS HOLIDAYS LIMITED

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1ST CLASS HOLIDAYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report for the year ended 30 September 2022

Business review

The Company is required by the Companies Act 2006 to set out in this report, a fair review of the business of the Company during the financial year ended 30 September 2022, the position of the Company at the end of the year and a description of the principal risks and uncertainties facing the Company. This review is prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose.

The Company is a tour operator dealing with tailor-made long-haul holidays to America, Canada, New Zealand, Australia, South Africa, and some Caribbean and Indian ocean.

It continues to focus most of its activities and generates the majority of its sales through independent travel agents within the UK.

Over the last year the business revised its Project Polar strategy resulting in a three-year strategic and financial plan enabling it to increase its range, improve speed to market and service, whilst delivering strong numbers for the years ahead.

The new reservation system is in place, but development continues. In addition to this, the business has cross trained its team and recruited well in key areas.

The business is in a fantastic position to build on the recent success.

Principal risks and uncertainties

Whilst the Company operates holidays to politically stable destinations, the key uncertainties that affect the travel industry are world events, health scares, terrorism and air safety etc. and the company is aware that future development of the business may be subject to unforeseen future events outside of Company's control.

This report was approved by the board on 27 January 2023 and signed on its behalf.

P N Bland

Director

1ST CLASS HOLIDAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Principal activity

The Company's principal activity during the year under review was that of a tour operator, specialising in North America, Canada, New Zealand and Australia.

Results and dividends

The profit for the year, after taxation, amounted to £774,154 (2021 - loss £979,505).

No interim dividends were paid or final dividends paid or proposed for the year ended 30 September 2022.

Directors

The directors who served during the year were:

P Ainsworth
Mrs S R Mason
P N Bland
D E Gathercole

1ST CLASS HOLIDAYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 January 2023 and signed on its behalf.

P N Bland
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1ST CLASS HOLIDAYS LIMITED

Opinion

We have audited the financial statements of 1st Class Holidays Limited (the 'Company') for the year ended 30 September 2022, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

1ST CLASS HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We exercise professional judgement and maintain professional scepticism throughout the audit;
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the deliberate override of internal control;
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- We assess the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- We review the scope of the Company's compliance with its regulators, the Civil Aviation Authority ("CAA"), its membership of The Association of British Travel Agents ("ABTA") and its accreditation with the International Air Transport Association ("IATA") and sample test relevant documentation to assess this and the effectiveness of its control environment;
- We review the Company's relationships with related parties and other group companies, identifying and disclosing transactions during the year and balances at year-end with such parties;
- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

1ST CLASS HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1ST CLASS HOLIDAYS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Ms N A Spoor ACA FCCA (Senior Statutory Auditor)

for and on behalf of

White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House
2 Lower Mortlake Road
Richmond
TW9 2JA

27 January 2023

1ST CLASS HOLIDAYS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	10,807,555	141,612
Cost of sales		(8,856,768)	(109,956)
Gross profit		1,950,787	31,656
Distribution costs		(93,982)	(67,673)
Administrative expenses		(1,416,804)	(1,285,825)
Exceptional administrative items	11	(15,000)	-
Other operating income	5	162,000	334,362
Operating profit/(loss)	6	587,001	(987,480)
Interest receivable and similar income	9	24	42
Profit/(loss) before tax		587,025	(987,438)
Tax on profit/(loss)	10	187,129	7,933
Profit/(loss) for the financial year		774,154	(979,505)

The notes on pages 16 to 30 form part of these financial statements.

	2022 £	2021 £
EBITDA-Earnings before interest, taxation, depreciation and amortisation ("EBITDA") and exceptional items (Note 11)	615,185	(956,088)
	615,185	(956,088)

1ST CLASS HOLIDAYS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Profit/(loss) for the financial year		774,154	(979,505)
Other comprehensive income			
Hedge reserve movement		(13,609)	83,571
Other comprehensive income for the year		(13,609)	83,571
Total comprehensive income for the year		<u>760,545</u>	<u>(895,934)</u>

The notes on pages 16 to 30 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED
REGISTERED NUMBER: 03445248

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	4,902	7,634
Tangible assets	13	50,868	47,545
		55,770	55,179
Current assets			
Debtors	14	1,395,795	716,704
Cash at bank and in hand	15	2,378,870	2,064,966
		3,774,665	2,781,670
Creditors: amounts falling due within one year	16	(2,821,942)	(2,175,704)
Net current assets		952,723	605,966
Total assets less current liabilities		1,008,493	661,145
Creditors: amounts falling due after more than one year	17	-	(394,256)
Provisions for liabilities			
Deferred tax	18	-	(18,941)
		-	(18,941)
Net assets		1,008,493	247,948
Capital and reserves			
Called up share capital	19	35,000	35,000
Capital redemption reserve	20	15,000	15,000
Other reserves	20	27,928	41,537
Profit and loss account	20	930,565	156,411
		1,008,493	247,948

1ST CLASS HOLIDAYS LIMITED
REGISTERED NUMBER: 03445248

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2023.

P N Bland
Director

The notes on pages 16 to 30 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2021	35,000	15,000	41,537	156,411	247,948
Comprehensive income for the year					
Profit for the year	-	-	-	774,154	774,154
Hedge reserve movement	-	-	(13,609)	-	(13,609)
Other comprehensive income for the year	-	-	(13,609)	-	(13,609)
Total comprehensive income for the year	-	-	(13,609)	774,154	760,545
Total transactions with owners	-	-	-	-	-
At 30 September 2022	<u>35,000</u>	<u>15,000</u>	<u>27,928</u>	<u>930,565</u>	<u>1,008,493</u>

The notes on pages 16 to 30 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2020	35,000	15,000	(42,034)	1,135,916	1,143,882
Comprehensive income for the year					
Loss for the year	-	-	-	(979,505)	(979,505)
Hedge reserve movement	-	-	83,571	-	83,571
Other comprehensive income for the year	-	-	83,571	-	83,571
Total comprehensive income for the year	-	-	83,571	(979,505)	(895,934)
Total transactions with owners	-	-	-	-	-
At 30 September 2021	<u>35,000</u>	<u>15,000</u>	<u>41,537</u>	<u>156,411</u>	<u>247,948</u>

The notes on pages 16 to 30 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	774,154	(979,505)
Adjustments for:		
Amortisation of intangible assets	2,732	2,732
Depreciation of tangible assets	10,452	28,660
Coronavirus (Covid-19) business support grants	-	(334,362)
Interest received	(24)	(42)
Taxation charge	(187,129)	(7,933)
(Increase)/decrease in debtors	(734,823)	637,787
Decrease in amounts owed by groups	152,943	1,117,724
Increase/(decrease) in creditors	161,287	(834,581)
Increase in amounts owed to groups	90,695	-
Corporation tax received	57,368	-
Net cash generated from operating activities	327,655	(369,520)
Cash flows from investing activities		
Purchase of tangible fixed assets	(13,775)	-
Coronavirus (Covid-19) business support grants	-	334,362
Interest received	24	42
Net cash from investing activities	(13,751)	334,404
Net increase/(decrease) in cash and cash equivalents	313,904	(35,116)
Cash and cash equivalents at beginning of year	2,064,966	2,100,082
Cash and cash equivalents at the end of year	2,378,870	2,064,966
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,378,870	2,064,966
	2,378,870	2,064,966

The notes on pages 16 to 30 form part of these financial statements.

1ST CLASS HOLIDAYS LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	At 1 October 2021 £	Cash flows £	At 30 September 2022 £
Cash at bank and in hand	2,064,966	313,904	2,378,870
	<u>2,064,966</u>	<u>313,904</u>	<u>2,378,870</u>

The notes on pages 16 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

1st Class Holidays Limited is a private company limited by shares and incorporated in England. Its registered office is Trafford House, Chester Road, Old Trafford, Manchester, M32 0RS

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Covid-19 pandemic had an unprecedented impact upon the global economy and in particular upon the travel industry, causing many consumers to cancel, amend their travel arrangements or not travel at all. The travel industry is experiencing the benefit of a post Covid-19 bounce back in travel, however, it is still experiencing the knock-on effect of the pandemic in relation to supplier resource and ability to service. This combined with consumer unease in relation to the current economic environment, with increasing energy costs and inflation impact and the impact of a further potential surge in infection rates in the coming winter months, has meant that Company management and the directors have continued to review the Company's financial position, as well as forecasts and plan mitigation actions in order to neutralise the financial impact from the significant downturn in trading seen during the Covid-19 pandemic period.

The directors have prepared budgets and cashflow forecasts to September 2025 which reflect good operational liquidity and profitability throughout. Additionally, they have also performed a sensitivity analysis on the Company's budgets and forecasts to assess the financial impact of any potential further slowdown in trading from the reforecast and its impact on the liquidity of the business. The sensitivity analysis shows that the Company has enough liquidity and cash to trade through a further slowdown.

Company management and the director have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least the following 12 months from the signing of these financial statements. This is supported by the strong performance seen so far in the first half of 2022, which has seen a significant upside in demand. The Company has been well placed to meet and service the additional volume.

As a result, and with the Company continuing to receive the full support of its shareholders, the directors believe that it is still appropriate to apply the going concern basis for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

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

Turnover is the amount derived from ordinary activities and represents the aggregate revenue receivable from tours departed during the year.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, Reducing balance/straightline.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15%	reducing balance
Computer equipment	-	20%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.18 Hedge accounting

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its recognised and highly probable liabilities. These derivatives are measured at fair value at each reporting date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

a) Critical judgments in applying the Company's accounting policies

The directors believe that there are no critical judgments involved in applying the Company's accounting policies that warrant disclosure.

b) Key accounting estimates and assumptions

The directors believe that there are no key accounting estimates and assumptions involved in applying the Company's accounting policies that warrant disclosure.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Sole activity-tour operator	10,807,555	141,612
	<u>10,807,555</u>	<u>141,612</u>

All turnover arose within the United Kingdom.

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Marketing overrides	162,000	-
Coronavirus (Covid-19) business support grants	-	334,362
	<u>162,000</u>	<u>334,362</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022	2021
	£	£
Amortisation of intangible assets	2,732	2,732
Depreciation of tangible fixed assets	10,452	28,660
Exchange differences	(73)	-
Other operating lease rentals	104,361	103,100
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	15,650	14,750
Defined contribution pension scheme	<u>16,699</u>	<u>15,440</u>

7. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>15,650</u>	<u>14,750</u>

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	624,062	585,370
Social security costs	64,537	35,909
Cost of defined contribution scheme	16,699	15,440
	<u>705,298</u>	<u>636,719</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Administration	14	11
Sales	14	14
Technical	6	6
	<u>34</u>	<u>31</u>

9. Interest receivable

	2022 £	2021 £
Other interest receivable	24	42
	<u>24</u>	<u>42</u>

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	(7,933)
	<u>-</u>	<u>(7,933)</u>
	<u>-</u>	<u>(7,933)</u>
Total current tax	<u>-</u>	<u>(7,933)</u>
Deferred tax		
Origination and reversal of timing differences	(187,129)	-
	<u>(187,129)</u>	<u>-</u>
Total deferred tax	<u>(187,129)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(187,129)</u>	<u>(7,933)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>587,025</u>	<u>(987,438)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	111,535	(187,613)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	621	5
Capital allowances for year in excess of depreciation	(1,607)	5,212
Utilisation of tax losses	(110,549)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(7,933)
Unrelieved tax losses carried forward	-	81,042
Deferred tax	(187,129)	-
Group relief	-	101,354
	<u>(187,129)</u>	<u>(7,933)</u>
Total tax charge for the year	<u>(187,129)</u>	<u>(7,933)</u>

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2021, was substantively enacted on 24 May 2021, whereby the tax rate applicable for years starting from 1 April 2023

increased to 25% from current tax rate of 19%.

11. Exceptional items

	2022 £	2021 £
Professional fees related to refinancing	8,000	-
Professional fees for arranging repayment of old VAT/PAYE liabilities	7,000	-
	15,000	-

12. Intangible assets

	Development expenditure £
Cost	
At 1 October 2021	13,662
At 30 September 2022	13,662
Amortisation	
At 1 October 2021	6,028
Charge for the year on owned assets	2,732
At 30 September 2022	8,760
Net book value	
At 30 September 2022	4,902
<i>At 30 September 2021</i>	7,634

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 October 2021	148,526	571,552	720,078
Additions	-	13,775	13,775
At 30 September 2022	148,526	585,327	733,853
Depreciation			
At 1 October 2021	108,818	563,715	672,533
Charge for the year on owned assets	7,007	3,445	10,452
At 30 September 2022	115,825	567,160	682,985
Net book value			
At 30 September 2022	32,701	18,167	50,868
<i>At 30 September 2021</i>	39,708	7,837	47,545

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Debtors

	2022 £	2021 £
Trade debtors	21,817	528
Amounts owed by group undertakings	-	152,943
Other debtors	290,688	102,888
Prepayments and accrued income	887,174	418,808
Deferred taxation	168,188	-
Financial instruments	27,928	41,537
	1,395,795	716,704

Included in prepayments and accrued income is the sum of £848,479 (2021 - £418,808) of supplier payments made in advance for departures post 30 September 2022.

15. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,378,870	2,064,966
	2,378,870	2,064,966

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	158,895	23,320
Amounts owed to group undertakings	90,695	-
Other taxation and social security	158,034	69,429
Other creditors	5,411	4,067
Accruals and deferred income	2,408,907	2,078,888
	2,821,942	2,175,704

Included in accruals and deferred income is the sum of £2,393,267 (2021 - £2,064,156) of customer monies received in advance for departures post 30 September 2022.

1ST CLASS HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Trade creditors	-	85,055
Other creditors	-	309,201
	-	394,256
	-	394,256

18. Deferred taxation

	2022	2021
	£	£
At beginning of year	(18,941)	(18,941)
Charged to profit or loss	187,129	-
	168,188	(18,941)
At end of year	168,188	(18,941)

The deferred taxation balance is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	(12,800)	(18,941)
Tax losses carried forward	180,988	-
	168,188	(18,941)
	168,188	(18,941)

19. Share capital

	2022	2021
	£	£
Authorised, allotted, called up and fully paid		
35,000 (2021 - 35,000) Ordinary shares of £1.00 each	35,000	35,000

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

20. Reserves

Other reserves

Other reserves consist of cashflow hedge reserve relating to the amount of gain or loss recognised on forward contracts and derivatives that are cashflow hedges for committed foreign exchange transactions accruing in the 12 months post year end.

Profit and loss account

The profit and loss account represents the net distributable reserves of the Company at the date of the statement of financial position.

21. Contingent liabilities

As at 30th September 2022, there were contingent liabilities outstanding in respect of counter indemnities given by the Company, in the normal course of business, to the Company's bond obligors in respect of ABTA travel bonds amounting to £258,034 (2021: £240,981).

22. Credit card receipts proceeds

The business has an arrangement with its merchant providers that 20% of all receipts will be withheld for 180 days from the date of receipt. These will be released to the business after expiry of 180 days. As at 30 September 2022 total receipts withheld under this arrangement were £142,725 (2021: £4,963). These are included in debtors due within 1 year.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independent fund administered by The Royal London Mutual Insurance Society Limited. The pension cost charge represents contributions payable by the Company to the fund and amounted to £16,699 (2021: £15,440).

24. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	94,676	94,676
Later than 1 year and not later than 5 years	378,704	378,704
Later than 5 years	-	94,676
	<u>473,380</u>	<u>568,056</u>

1ST CLASS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

25. Related party transactions

The holding company 1st Class Holidays (Holdings) Limited, where Mr P Ainsworth, Mrs S R Mason, Mr P N Bland and Mr D E Gathercole are directors, charged management fees amounting to £355,020 (2021: £429,774).

26. Holding company

The immediate and ultimate holding company is 1st Class Holidays (Holdings) Limited, a company registered in England under registered number 09805613. Its registered office is Trafford House, Chester Road, Old Trafford, Manchester M32 0RS.

27. Outstanding BSP

At 30th September 2022 the Company had £178,013 of payments due (2021: £12,230) to International Air Transport Association (IATA) for tickets issued in the month of September 2022.

28. Controlling party

In view of the directors, as at 30 September 2022 there is no one controlling party.

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