

Company registration number: 08994196

**Distant Journeys Limited
Trading as Distant Journeys Ltd**

Financial statements

31 August 2020



Distant Journeys Limited

Contents

	Page
Directors and other information	1
Strategic report	2 - 3
Directors report	4 - 5
Independent auditor's report to the members	6 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 23

Distant Journeys Limited

Directors and other information

Directors	Mr Andrew Laycock Mr Richard Hanson Mr Simon Whittle
Company number	08994196
Registered office	8 Hattersley Court Ormskirk Lancashire L39 2AY
Business address	8 Hattersley Court Ormskirk Lancashire L39 2AY
Auditor	Clarke Broome & Fleming 223 Church Street Blackpool Lancashire FY1 3PB
Bankers	Yorkshire Bank Plc 44 Fishergate Preston PR1 8BH

Distant Journeys Limited

Strategic report Year ended 31 August 2020

Principal Activities

The principal activity is the provision of escorted tours to long haul destinations.

Review of the Business

This is the sixth year of trading as a specialist tour operator of escorted tours to Australia, New Zealand, South Africa, China, Vietnam & Cambodia, Japan and India. The directors are pleased with the progress of the business and the results achieved.

Review of 31 August 2020

Results

Turnover in the Year was £14,006,569 (31 August 2019 - £15,278,236) a decrease due to the curtailment and cancellation of tours from March 2020 onwards. Overall gross profit margin rates are in line with budgeted forecasts. This has resulted in an operating profit for the year of £1,424,989 (31 August 2019 - £1,298,277)

Review of Developments and

Future Prospects

The company continues to score highly with a Feefo rating of 4.8 out of 5. As the database of previous bookers grows, the company is achieving higher levels of repeat bookings from customers, who are taking holidays to the expanding destination portfolio offered by the company. The product development team has identified new destinations with Sri Lanka going on sale in the financial year 2021.

Consumers are seeking increasingly experiential holidays and the tours are designed to allow customers to immerse themselves in the history and culture of the countries they are visiting.

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties which could impact on the company's performance. Consumer demand for travel has remained robust despite it being a discretionary expenditure. The company provides tours that a customer could not dynamically package themselves for a lower price due to our ability to negotiate volume discounts with suppliers. This combined with high levels of service gives the company a defensible product positioning.

There will always be geopolitical risk but as we increase the number of destinations we operate to, the risk becomes more balanced. The Covid-19 pandemic is a once in a lifetime event and it is anticipated no tours will be operated in the 2020/21 season.

Foreign Currency

All receivables are in pounds sterling with most payables in foreign currencies. As a result, the company is subject to foreign currency exchange risk due to exchange rate movements. The company seeks to reduce the risk by entering in to forward exchange contracts and other hedging instruments.

Key Performance Indicators

The company established key performance indicators to measure the progress of the company in achieving both its business objectives and strategy. The executive team reviews performance against these at monthly meetings. The indicators are:

	2020	2019
Passengers travelled	2163	2378
Passengers booked	1437	2708
Gross Margin	25.2%	23.9%

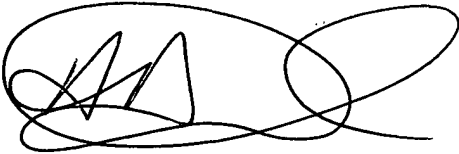
Distant Journeys Limited

Strategic report (continued)
Year ended 31 August 2020

Competitors

The company continues to provide high quality tours and reviews its range of tours and destinations to meet future customer demand. Tours are designed to offer customers unique selling points and superior experiences.

This report was approved by the board of directors on 22 January 2021 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of several loops and sharp angles, enclosed within a large, irregular oval shape.

Mr Andrew Laycock
Director

Distant Journeys Limited

Directors report Year ended 31 August 2020

The directors present their report and the financial statements of the company for the year ended 31 August 2020.

Directors

The directors who served the company during the year were as follows:

Mr Andrew Laycock
Mr Richard Hanson
Mr Simon Whittle

Dividends

The board have decided to pay a dividend of £216,000 for the current year.

Future developments

With the Covid-19 vaccine being rolled out throughout the UK the directors are more optimistic about the number of passengers travelling in the 2021/22 season. However, the ongoing impact of the Covid-19 pandemic is likely to mean booking levels for the 2021/22 season are below those of previous seasons.

Financial instruments

The company has prepared a Statement of financial position under FRS102 in order to show fair value of its assets and liabilities which are subject to foreign exchange contracts. Current management policy is to withdraw from all foreign currency contracts because no tour costs will be payable in 2020/21. This will inevitably reduce the exchange risk profile.

Events after the end of the reporting period

Particulars of events after the reporting period are detailed in note 23 to the financial statements.

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 it must be stated in the Directors Report that it has been done. This includes information that would have been included in the business review and the principal risks and uncertainties.

Distant Journeys Limited

Directors report (continued)

Year ended 31 August 2020

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22 January 2021 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines, enclosed within a large, hand-drawn oval.

Mr Andrew Laycock
Director

Distant Journeys Limited

Independent auditor's report to the members of Distant Journeys Limited Year ended 31 August 2020

Opinion

We have audited the financial statements of Distant Journeys Limited (the 'company') for the year ended 31 August 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 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 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 requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Distant Journeys Limited

Independent auditor's report to the members of Distant Journeys Limited (continued) Year ended 31 August 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 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 the 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, 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- 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 override of internal control.
- 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 the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Distant Journeys Limited

**Independent auditor's report to the members of
Distant Journeys Limited (continued)
Year ended 31 August 2020**

- Conclude on the appropriateness of the directors 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. 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Martin V Clarke (Senior Statutory Auditor)

For and on behalf of
Clarke Broome & Fleming
Chartered Certified Accountants and Registered Auditors
223 Church Street
Blackpool
Lancashire
FY1 3PB

22 January 2021

Distant Journeys Limited

**Statement of comprehensive income
Year ended 31 August 2020**

	Note	2020 £	2019 £
Turnover	3	14,006,569	15,278,236
Cost of sales		(10,475,803)	(11,626,476)
Gross profit		<u>3,530,766</u>	<u>3,651,760</u>
Administrative expenses		(2,105,777)	(2,353,483)
Operating profit	4	<u>1,424,989</u>	<u>1,298,277</u>
Gain/(loss) on financial assets at fair value through profit or loss		28,181	(159,023)
Loss on financial liabilities at fair value through profit or loss		(441)	(28,181)
Other interest receivable and similar income	7	59,183	58,022
Profit before taxation		1,511,912	1,169,095
Tax on profit	8	(282,536)	(258,207)
Profit for the financial year and total comprehensive income		<u><u>1,229,376</u></u>	<u><u>910,888</u></u>

All the activities of the company are from continuing operations.

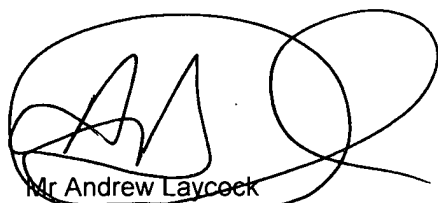
The notes on pages 13 to 23 form part of these financial statements.

Distant Journeys Limited

**Statement of financial position
31 August 2020**

	Note	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10	284,040		249,021	
			284,040		249,021
Current assets					
Debtors	11	363,413		2,772,777	
Investments	12	2,750,000		-	
Cash at bank and in hand		2,505,168		7,251,061	
		5,618,581		10,023,838	
Creditors: amounts falling due within one year	13	(2,729,230)		(8,163,649)	
Net current assets			2,889,351		1,860,189
Total assets less current liabilities			3,173,391		2,109,210
Creditors: amounts falling due after more than one year	14		(48,333)		-
Provisions for liabilities	15		(4,974)		(2,502)
Net assets			3,120,084		2,106,708
Capital and reserves					
Called up share capital	19		30,000		30,000
Profit and loss account	20		3,090,084		2,076,708
Shareholders funds			3,120,084		2,106,708

These financial statements were approved by the board of directors and authorised for issue on 22 January 2021, and are signed on behalf of the board by:


Mr Andrew Laycock
Director

Company registration number: 08994196

The notes on pages 13 to 23 form part of these financial statements.

Distant Journeys Limited

**Statement of changes in equity
Year ended 31 August 2020**

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 September 2018	30,000	1,660,380	1,690,380
Profit for the year	<u> </u>	910,888	910,888
Total comprehensive income for the year	-	910,888	910,888
Dividends paid and payable	<u> </u>	(494,560)	(494,560)
Total investments by and distributions to owners	-	(494,560)	(494,560)
At 31 August 2019 and 1 September 2019	<u>30,000</u>	<u>2,076,708</u>	<u>2,106,708</u>
Profit for the year	<u> </u>	1,229,376	1,229,376
Total comprehensive income for the year	-	1,229,376	1,229,376
Dividends paid and payable	<u> </u>	(216,000)	(216,000)
Total investments by and distributions to owners	-	(216,000)	(216,000)
At 31 August 2020	<u><u>30,000</u></u>	<u><u>3,090,084</u></u>	<u><u>3,120,084</u></u>

Distant Journeys Limited

Statement of cash flows
Year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	21	(1,570,674)	1,145,581
Interest received		59,183	58,022
Tax paid		(271,863)	(225,629)
Net cash (used in)/from operating activities		<u>(1,783,354)</u>	<u>977,974</u>
Cash flows from investing activities			
Purchase of tangible assets		(46,539)	(5,356)
Purchase of other investments		(2,750,000)	-
Net cash used in investing activities		<u>(2,796,539)</u>	<u>(5,356)</u>
Cash flows from financing activities			
Proceeds from borrowings		50,000	-
Equity dividends paid		(216,000)	(494,560)
Net cash used in financing activities		<u>(166,000)</u>	<u>(494,560)</u>
Net increase/(decrease) in cash and cash equivalents		(4,745,893)	478,058
Cash and cash equivalents at beginning of year		7,251,061	6,773,003
Cash and cash equivalents at end of year		<u>2,505,168</u>	<u>7,251,061</u>

Distant Journeys Limited

Notes to the financial statements

Year ended 31 August 2020

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Triennial review 2017 amendments to the standard have been early adopted.

2. Accounting policies

Basis of preparation

Distant Journeys Ltd is a limited company incorporated in the United Kingdom. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities are the provision of escorted tours to overseas destinations.

The financial statements have been prepared in accordance with the applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention and in sterling which is the functional currency of the company.

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

Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying accounting policies that have had the most significant on amounts recognised in the financial statements:-

Forward Exchange Contracts

Under Financial Reporting Standard 102, the company has recognised fair value on its foreign exchange contracts, this is a comparison between the contract value and what the cost would have been at the year end, the resulting loss has been taken to the comprehensive income statement.

The key assumptions concerning the future and other key sources of uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:-

Cancellation of tours due to conditions beyond the control of the company.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for tours supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of tours is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the tours); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 1%
Equipment	- 33%
Fixtures and fittings	- 15%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

3. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of holidays	13,743,501	15,206,739
Commissions	57,477	51,155
Other income	205,591	20,342
	<u>14,006,569</u>	<u>15,278,236</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Distant Journeys Limited

Notes to the financial statements (continued) Year ended 31 August 2020

4. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible assets	11,520	7,848
Foreign exchange differences	604,540	287,528
Fees payable for the audit of the financial statements	12,000	10,500
	<u>12,000</u>	<u>10,500</u>

5. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
Sales staff	8	7
Administrative staff	10	10
	<u>18</u>	<u>17</u>

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	406,780	413,414
Social security costs	35,921	35,627
Other pension costs	105,110	365,516
	<u>547,811</u>	<u>814,557</u>

6. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	79,333	82,675
Company contributions to pension schemes in respect of qualifying services	100,000	360,391
	<u>179,333</u>	<u>443,066</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	Number	Number
Defined contribution plans	<u>3</u>	<u>3</u>

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

7. Other interest receivable and similar income

	2020	2019
	£	£
Bank deposits	59,183	58,022
Gain/(loss) on fair value adjustment of financial assets at fair value through profit or loss	28,181	(159,023)
Loss on fair value adjustment of financial liabilities at fair value through profit or loss	(441)	(28,181)
	<u>86,923</u>	<u>(129,182)</u>

8. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	<u>280,064</u>	<u>258,210</u>
Deferred tax:		
Origination and reversal of timing differences	<u>2,472</u>	<u>(3)</u>
Tax on profit	<u>282,536</u>	<u>258,207</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
Profit before taxation	<u>1,511,912</u>	<u>1,169,095</u>
Profit multiplied by rate of tax	287,263	222,128
Effect of expenses not deductible for tax purposes	40	-
Effect of capital allowances and depreciation	(1,969)	474
Effect of derivative forward contracts	(5,270)	35,608
Deferred tax	2,472	(3)
Tax on profit	<u>282,536</u>	<u>258,207</u>

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

9. Dividends

Equity dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	216,000	494,560

10. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2019	247,503	21,509	11,640	280,652
Additions	29,485	5,995	11,059	46,539
At 31 August 2020	<u>276,988</u>	<u>27,504</u>	<u>22,699</u>	<u>327,191</u>
Depreciation				
At 1 September 2019	11,650	13,643	6,338	31,631
Charge for the year	2,693	5,855	2,972	11,520
At 31 August 2020	<u>14,343</u>	<u>19,498</u>	<u>9,310</u>	<u>43,151</u>
Carrying amount				
At 31 August 2020	<u>262,645</u>	<u>8,006</u>	<u>13,389</u>	<u>284,040</u>
At 31 August 2019	<u>235,853</u>	<u>7,866</u>	<u>5,302</u>	<u>249,021</u>

11. Debtors

	2020 £	2019 £
Trade debtors	186,562	2,692,241
Prepayments and accrued income	3,024	26,141
Other debtors	173,827	54,395
	<u>363,413</u>	<u>2,772,777</u>

12. Investments

	2020 £	2019 £
Other investments	2,750,000	-

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	1,667	-
Trade creditors	2,622	295,156
Accruals and deferred income	29,628	83,328
Corporation tax	263,308	255,107
Social security and other taxes	5,616	13,864
Derivative financial liability	441	-
Deferred income	2,425,948	7,516,194
	<u>2,729,230</u>	<u>8,163,649</u>

14. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loan	<u>48,333</u>	<u>-</u>

15. Provisions

	Deferred tax (note 16)	Total
	£	£
At 1 September 2019	2,502	2,502
Additions	2,472	2,472
At 31 August 2020	<u>4,974</u>	<u>4,974</u>

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 15)	<u>4,974</u>	<u>2,502</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	<u>4,974</u>	<u>2,502</u>

Distant Journeys Limited

Notes to the financial statements (continued) Year ended 31 August 2020

17. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £105,110 (2019: £365,516).

18. Government grants

	£	£
Grants received or receivable	117,168	-
Released to the profit or loss	(117,168)	-
At end of period	<u>-</u>	<u>-</u>

These grants relate to government support caused by Covid-19.

19. Called up share capital Issued, called up and fully paid

	2020		2019	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

20. Reserves

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

21. Cash generated from operations

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,229,376	910,888
Depreciation of tangible assets	11,520	7,848
Other interest receivable and similar income	(59,183)	(58,022)
Tax on profit	282,536	258,207
Accrued expenses/(income)	(53,700)	(1,139)
<i>Changes in:</i>		
Trade and other receivables	2,409,364	(319,325)
Trade and other payables	(5,390,587)	347,124
Cash generated from operations	<u>(1,570,674)</u>	<u>1,145,581</u>

Distant Journeys Limited

Notes to the financial statements (continued)

Year ended 31 August 2020

22. Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash and cash equivalents	7,251,061	(4,745,893)	2,505,168
Debt due within one year	-	(1,667)	(1,667)
Debt due after one year	-	(48,333)	(48,333)
Current asset investments	-	2,750,000	2,750,000
	<u>7,251,061</u>	<u>(2,045,893)</u>	<u>5,205,168</u>

23. Events after the end of the reporting period

In March 2020 H M Government closed many UK business sectors and most holidays abroad were cancelled because of COVID-19. It is inevitable that this will impact on the 2021 financial results with no tours operational. The company is well placed to survive the lockdown with strong cash reserves.

24. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2020			
	Balance brought forward	Advances /(credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr Richard Hanson	-	128,000	-	128,000
Mr Simon Whittle	-	50,000	(50,000)	-
	<u>-</u>	<u>178,000</u>	<u>(50,000)</u>	<u>128,000</u>
	2019			
	Balance brought forward	Advances /(credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr Richard Hanson	-	75,000	(75,000)	-
Mr Simon Whittle	-	250,000	(250,000)	-
	<u>-</u>	<u>325,000</u>	<u>(325,000)</u>	<u>-</u>

Distant Journeys Limited

Notes to the financial statements (continued) **Year ended 31 August 2020**

25. Related party transactions

Dividends have been paid to the Directors and family members in the sum of £216,000.
(2019 £494,000)

The company invested £2,750,000 with Finance 365 Ltd (Registered in England & Wales No.08689817) a business owned by a Director of the company under a binding commercial loan agreement with no security.

26. Controlling party

No family or individual member has control of the company.

27. Financial Instruments

The company has entered into foreign forward exchange contracts in the normal course of business amounting to £3,621 (£4,046,074 - 2019). The current value of the contracts are £3,180 (£4,017,894 - 2019), an unrealised loss of £441 has been taken to the comprehensive income statement.

The company has also entered into complex foreign forward exchange contracts in the normal course of business. These are speculative contracts and cannot be valued at the year end.

28. Guarantees

The company is now a fully bonded member of The Association of Bonded Travel Organisers Trust Ltd (ABTOT) a bond for £13,500 has been covered by Hiscox Insurance Company Ltd.

29. Subsequent Events

Cash investments in Finance 365 Ltd (Registered in England & Wales No.08689817) have increased to £4,000,000.

The company in January 2021 deposited a cash collateral reserve of £500,000 with its merchant service provider Firstdata.co.uk in the event of charge backs from unsecured credit card exposure.