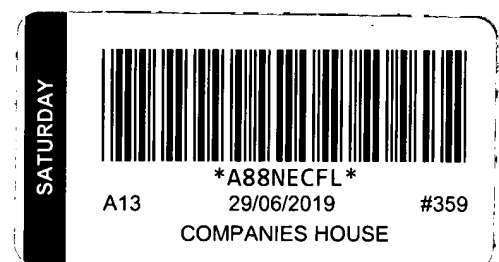


ITC Enterprises Limited

Annual report and financial statements

for the year ended 30 September 2018

Registered number 07381646



ITC Enterprises Limited

Contents

	Page
Strategic report	4
Directors' report	7
Independent auditor's report	9
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

ITC Enterprises Limited

Registered number 07381646

Corporate Information

Directors

M. Roehricht (appointed 9 October 2014)

T. Hohn (appointed 21 March 2016)

L. Constantinou (appointed 4 January 2017)

S. Jongenburger (appointed 15 April 2016, resigned 11 June 2018)

R. Ostermaier (appointed 21 March 2016, resigned 31 December 2018)

Auditors

Ernst & Young

1 More London Place

London

SE1 2AF

United Kingdom

Bankers

CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG

Reuterweg, 16, D – 60323 Frankfurt am Main, Germany

Registered office

Westpoint Peterborough Business Park

Lynch Wood

Peterborough

PE2 GFZ

ITC Enterprises Limited

Registered number 07381646

Strategic Report

The Directors present their Strategic Report on the affairs of ITC Enterprises Limited (the “Company”), together with the audited financial statements. This Strategic Report covers the year ended 30 September 2018.

Business review and principal activities

The Company was incorporated on 20 September 2010 as a Limited Liability Company and is a wholly owned subsidiary of ITC Travel Investments S.L. On 12 July 2012, Thomas Cook Group plc (“the Group”), a company that is listed on the London Stock Exchange, entered into a share purchase agreement with VAO «Intourist» (Russia), Intourist Overseas Limited (Cyprus) and Overseas Property Company Limited to form a joint venture in which Thomas Cook Group plc acquired 50.1% of the shares in ITC Travel Investments S.L. The Group subsequently increased this share to 75% on 18 September 2013 and to 100% on 28 September 2018.

The business of ITC Enterprises Limited is limited to the following activities in and to the Russian Federation:

- Outbound and inbound tour operations; and
- Transportation and other travel related services.

The results for the Company show a loss on ordinary activities before taxation of US\$8,241k (2017: loss US\$1,852k) for the year. The Company’s turnover has slightly decreased from US\$218,276k in 2017 to US\$205,466k in 2018. Operating profit decreased from US\$2,513k in 2017 to a loss of US\$2,972k in 2018 due to higher operating expenses.

The Company has net liabilities of US\$75,028k (2017: US\$67,531k) with the change relating to the loss for the period.

Business environment

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

The development of international tourism correlates with the economic growth in each source market and has enjoyed strong and sustained growth for most of the last three decades. The Company concentrates predominantly on travel to and from the Russian Federation. While current political and economic difficulties have led to slow down of the Russian economy, the mid to long term outlook for the industry remains attractive.

Charitable and political contributions

The Company did not make any charitable or political contributions during the year 2018 (2017: nil).

Future development

The Company aims to continue its operations based on organic growth in both the inbound and outbound travel segments in the Russian Federation. Due to on-going consolidation in the market, stable interest for travel and the low market penetration level, growth is expected to be positive. At the same time, the Company intends to decrease its risk profile in order to increase the profitability and be able to react in a more flexible way to the market developments.

ITC Enterprises Limited

Registered number 07381646

Strategic Report (continued)

Financial risk management

The Company's operations expose it to a variety of financial risks, including exchange rates, credit exposure and liquidity risk. The Directors manage these risks in accordance with policies that have been agreed with Thomas Cook Group plc.

The main risks arising from the Company's financial instruments can be analysed as follows:

Credit risk

The Company's principal financial assets are external debtors and amounts due from other Group undertakings. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debtors. A process of monthly review of the recoverability of these assets is implemented.

Liquidity risk

The Company has appropriate agreements with the Group to cover any liquidity risks. The Company uses its annual budget and planning process to predict and manage expected future liquidity. The liquidity forecast is reviewed and updated on a regular basis.

Currency risk

The Company is not exposed in its trading operations to the risk of changes in currency exchange rates due to the fact that the prices are adjusted on a daily basis. The risk arising from foreign currency denominated receivables and payables is considered as non-significant, and therefore the risk is accepted.

Principal risks and uncertainties

The Company has identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities:

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our products and services;
- Geopolitical risks resulting in a reduction in travel or ability for the entity to trade
- Aggressive pricing policy of the competitors in the main operated markets;
- Fall in demand for traditional package tours and competition from internet distributors and low cost airlines;
- Environmental risks and regulations;
- Major health and safety incidents;
- Natural catastrophes including closure of airspace;
- Disruption to information technology systems or infrastructure, premises or business processes; and
- Performance failure by outsourced partners and third party suppliers.

The risks are managed and mitigated in line with the Thomas Cook Group plc risk management process and reported quarterly to the Segment Risk Management Committee.

ITC Enterprises Limited

Registered number 07381646

Strategic Report (continued)

Key performance indicators ("KPIs")

The Directors of Thomas Cook Group plc manage the Group's operations on a segmental basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of ITC Enterprises Limited. The development, performance and position of the Continental Europe segment of the Group, which include the results of the Company, are discussed in the business review of the Group's Annual Report, which does not form part of this report. The Company's Directors believe that no specific KPIs relevant to ITC Enterprises Limited should be disclosed in this report.

The Strategic report has been approved by the board and is signed on behalf of the board by:

M. Roehricht

Director

24 June 2019

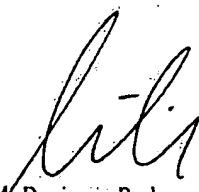
Registered office

Westpoint Peterborough Business Park

Lynch Wood

Peterborough

PE2 6FZ



ITC Enterprises Limited

Registered number 07381646

Directors' Report

The Directors present their Report and financial statements for the year ended 30 September 2018.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 30 September 2018 (2017: US\$ nil).

Directors

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

M. Roehricht (appointed 9 October 2014)

T. Hohn (appointed 21 March 2016)

L. Constantinou (appointed 4 January 2017)

S. Jongenburger (appointed 15 April 2016, resigned 11 June 2018)

R. Ostermaier (appointed 21 March 2016, resigned 31 December 2018)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Financial risk management

Financial risks to the Company and the management of these risks have been disclosed in the Strategic report on page 4.

Future developments

The Directors are not aware at the date of this report of any likely major changes in the Company's activities in the next year.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intends to support the Company for at least one year after these financial statements are signed.

However, the Directors note the publication on 16 May 2019 of the Thomas Cook Group plc condensed consolidated interim financial statements for the six months ended 31 March 2019 in which a material uncertainty in relation to going concern is disclosed. Further details of this disclosure is set out in note 2 to the accounts on page 14. As a consequence, the Directors of the Company recognise there is a corresponding material uncertainty concerning the support provided by Thomas Cook Group plc. This could cast significant doubt on the ability of the Company to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

ITC Enterprises Limited

Registered number 07381646

Directors' Report (continued)

Statement of directors' responsibilities (continued)

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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office as at the date the Directors' Report is approved, the following applies:

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Ernst & Young LLP provided an independent audit for the period ended 30 September 2018 and are deemed to be reappointed and have agreed to continue in office as auditor for the financial year ending 30 September 2019.

The Directors' Report has been approved by the board and is signed on behalf of the board by:

M. Roehricht
Director

24 June 2019

Registered office

Westpoint Peterborough Business Park

Lynch Wood

Peterborough

PE2 GFZ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC Enterprises Limited

Opinion

We have audited the financial statements of ITC Enterprises Limited for the year ended 30 September 2018 which comprise the Statement of comprehensive income, the Balance sheet, the statement of changes in equity and the related notes 1 to 16, 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2018 and of its loss 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 below. 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.

Material uncertainty related to going concern

We draw attention to note 2 (page 14) in the financial statements, which states there is a material uncertainty concerning the support provided by Thomas Cook Group plc. This may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 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 Statement of directors' responsibilities set out on pages 7-8, 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.

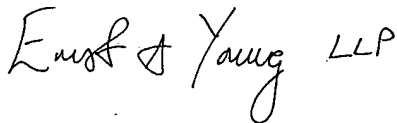
Auditor's responsibilities for the audit of the financial statements

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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 June 2019

Notes:

1. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ITC Enterprises Limited

Registered number 07381646

Statement of comprehensive income

For the year ended 30 September 2018

	Notes	Year ended 30 September 2018 US\$ 000	Year ended 30 September 2017 US\$ 000
Turnover	4	205,466	218,276
Cost of sales		(199,025)	(212,619)
Gross profit		6,441	5,657
Operating expenses	5	(9,413)	(3,144)
Operating (loss)/profit	5	(2,972)	2,513
Interest receivable and similar income	6	996	963
Interest payable and similar cost	7	(6,265)	(5,328)
Loss on ordinary activities before taxation	9	(8,241)	(1,852)
Tax on loss on ordinary activities	9	744	1,609
Total comprehensive loss for the financial year		(7,497)	(243)

The loss for the financial year is wholly attributable to the continuing operations of the Company.

There is no other comprehensive income or expenses for the year (2017: US\$ nil).

The notes on pages 14 – 23 are an integral part of the financial statements.

Balance sheet

As at 30 September 2018

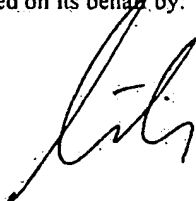
	Note	As at 30 September 2018 US\$ 000	As at 30 September 2017 US\$ 000
Fixed assets			
Intangible assets	11	5,299	5,319
Current assets			
Debtors	12	71,230	39,735
Deferred tax assets	9	2,745	1,929
Cash at bank and in hand		6,058	15,847
Total assets		85,332	62,830
Current liabilities			
Creditors: Amounts falling due within one year	13	(160,360)	(130,361)
Net Current Liabilities		(80,327)	(72,850)
Total assets less current liabilities		(75,028)	(67,531)
Net Liabilities		(75,028)	(67,531)
Capital and reserves			
Called up share capital	14	5,321	5,321
Profit and loss account		(80,349)	(72,852)
Total shareholders' deficit		(75,028)	(67,531)

The notes on pages 14 – 23 are an integral part of the financial statements.

The financial statements on pages 11 - 23 were approved by the Board of Directors and authorized for issue on 24 June 2019.

They were signed on its behalf by:

M. Roehricht
Director
24 June 2019



ITC Enterprises Limited

Registered number 07381646

Statement of changes in equity**For the year ended 30 September 2018**

	Called up share capital	Profit and loss account	Total shareholders' deficit
	US \$000	US \$000	US \$000
Balance at 1 October 2016	5,321	(72,609)	(67,288)
Total comprehensive loss for the financial year	-	(243)	(243)
Balance at 30 September 2017	5,321	(72,852)	(67,531)
Total comprehensive loss for the financial year	-	(7,497)	(7,497)
Balance at 30 September 2018	5,321	(80,349)	(75,028)

Notes to the financial statements

Year ended 30 September 2018

1. General information

ITC Enterprises Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of its registered office is Westpoint Peterborough Business Park, Lynch Wood, Peterborough, PE2 6FZ and the commercial address of the Company is Germany 61440 Oberursel Thomas-Cook-Platz 1. The nature of the Company's operation and its principal activities are set out in the Strategic Report. These financial statements are presented in US dollars as this is the currency of the primary economic environment in which the Company operates. The figures throughout this report have been rounded to the nearest thousand unless otherwise noted. The Company is a wholly-owned subsidiary of ITC Travel Investments S.L. and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Register of Companies.

Place of domicile is Germany 61440 Oberursel Thomas-Cook-Platz 1.

Adoption of new or amended statements and interpretations in the current year

In the current year, no new amended standards and interpretations have either been adopted or made effective which are relevant to the Company.

2. Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intends to support the Company for at least one year after these financial statements are signed.

However, the Directors note the publication on 16 May 2019 of the Thomas Cook Group plc condensed consolidated interim financial statements for the six months ended 31 March 2019 in which a material uncertainty in relation to going concern is disclosed.

As set out in those interim financial results the Group is facing challenging trading conditions and a strategic review of the Group Airline was announced on 7 February 2019. The Group prepared revised forecasts for the period to September 2021, recognising the continuing uncertain trading environment across the Group, which allowed the Group Directors to assess the level of liquidity and covenant headroom. This demonstrated a possible requirement for additional liquidity. These scenarios also assume that shareholders will approve, at or before the next AGM, the removal of Article 122(B) restricting the Group's borrowing limits.

The Group has agreed a mandate letter and a term sheet for a new £300 million secured bank financing facility with its lending banks. The availability of the new facility is principally dependent on progress in executing the strategic review of the Group Airline. The strategic review of the Airline is progressing well, with a number of expressions of interest. The Group Directors recognise that there is uncertainty surrounding its timing and terms and the associated conditions in the new financing arrangement, which could impact the ability of the Group to access the required liquidity, and they have concluded that this matter represents a material uncertainty. This could cast significant doubt on the ability of the Group to continue as a going concern.

As a consequence, the Directors of the Company recognise there is a corresponding material uncertainty concerning the support provided by Thomas Cook Group plc. This could cast significant doubt on the ability of the Company to continue as a going concern. Nevertheless, having considered the uncertainties described above and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Company financial statements.

ITC Enterprises Limited

Registered number 07381646

3. Significant accounting policies

Basis of preparation

The financial statements of ITC Enterprises Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below and have been applied consistency to the years presented.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1; and
- The following paragraphs of IAS 1, 'Presentation of financial statements';
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).

Basis of preparation (continued)

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

- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 and 18(a) of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.
- Paragraph 118(e) of IAS 38 – Intangible assets.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 – Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group financial statements of Thomas Cook Group plc. The Company is reliant on the support of the ultimate parent company, Thomas Cook Group plc. The accounting policies presented below have been consistently applied to the periods presented unless stated otherwise.

ITC Enterprises Limited

Registered number 07381646

Intangible assets

Intangible assets, other than goodwill, are carried on the Company's balance sheet at cost less accumulated amortisation. Intangible assets with indefinite useful lives are not amortised. For all other intangible assets, amortisation is charged on a straight-line basis over the asset's useful life, as follows:

Trademarks and Brands	10 years to indefinite life
-----------------------	-----------------------------

Acquired intangible assets are assessed separately and useful lives established according to the particular circumstances. Indefinite-lived intangible assets principally comprise those trademarks for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of our brands and the level of marketing support. The nature of the industry we operate in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend. Intangible assets with indefinite useful lives are tested for impairment at least annually at the CGU level by comparing their carrying amount to their recoverable amount. All other intangible assets are assessed at each reporting date for indications of impairment. If such indications exist, the recoverable amount is estimated and compared to the carrying amount. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised immediately in the income statement.

Revenue recognition and associated costs

Revenue represents the aggregate amount of gross revenue receivable from inclusive tours and travel agency commissions receivable. Revenue and direct expenses relating to inclusive tours arranged by the Company, including travel agency commission, are taken to the income statement on holiday departure. Revenue relating to travel agency commission on third-party leisure travel products is also recognised on holiday departure. Other revenue and associated expenses are taken to the income statement as earned or incurred.

Finance costs

Finance costs comprise interest costs on borrowings.

Finance income

Finance income includes interest income on loans issued.

Tax

Tax represents the sum of tax currently payable and deferred tax. Current tax is recognised in the Statement of comprehensive income unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse. The deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable. Deferred tax liabilities are recognised for the temporary differences of overseas subsidiaries, joint ventures and associates unless the Group is able to control the timing of the distribution of those earnings and it is probable that they will not be distributed in the foreseeable future.

ITC Enterprises Limited

Registered number 07381646

Payments received on account

Customer monies received at the balance sheet date relating to holidays commencing and flights departing after the period end is deferred and classified as revenue received in advance.

Foreign currency

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is recorded in the statement of comprehensive income.

Debtors

Debtors are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for irrecoverable amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Notes to the financial statements (continued)**Year ended 30 September 2018****2. Significant accounting policies (continued)*****Trade Creditors***

Creditors are initially recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

Borrowings

Interest bearing borrowings are initially recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Recoverable amounts of loans and receivables

Judgements have been made in respect of the amounts of future operating cash flows to be generated by loans and receivables held by the Company, in order to assess whether there has been any impairment of the amounts included in the balance sheet in relation to those loans and receivables.

Impairment of indefinite-life intangibles

Estimates have been made in respect of the net present value of the future operating cash flows to be generated by Intourist Trademark in order to assess whether there has been any impairment of the amounts included in the balance sheet for intangible assets with an indefinite life. Impairment testing is performed by comparing the carrying value of each cash-generating unit (CGU) to the recoverable amount, determined on the basis of the CGU's value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each CGU. In assessing this, the Company relies on a number of factors, including historical results, business plans, forecasts and market data.

4. Turnover

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

	2018 US \$000	2017 US \$000
Sales of tour packages and accommodation	201,125	217,868
Other revenue	4,341	408
Total	205,466	218,276

All sold packages relate to the Russian outbound or inbound travel market.

ITC Enterprises Limited

Registered number 07381646

Notes to the financial statements (continued)**Year ended 30 September 2018****5. Operating loss/profit**

Operating loss has been arrived after charging:

	2018 US \$000	2017 US \$000
Write-off of debt and bad debt reserve	5,415	-
Shared service and management fees	2,652	2,066
Other (bank charges, travel subsistence, etc)	505	443
Administrative expenses:	8,572	2,509
Selling and Marketing expenses*	841	635
Operating expenses	9,413	3,144

*Selling and Marketing expenses consist of advertising, brochure costs and sales support activities to stimulate sales of tour product.

6. Interest receivable and similar income

	2018 US \$000	2017 US \$000
Financing interest income	996	963

7. Interest payable and similar cost

	2018 US \$000	2017 US \$000
Interest payable on group borrowings	(6,265)	(5,328)
Net finance costs	5,269	4,365

8. Auditor's and directors' remuneration

	2018 US \$000	2017 US \$000
Audit fees	44	35

Auditors' remuneration in 2018 is US\$44k which is expensed and paid centrally by the UK head office of the Company (2017: US\$35k, of which nil were expensed at the Company's accounts).

The directors of the company were employed and remunerated by other group companies. The qualifying services provided to the company by these directors were incidental to their main roles, therefore the remuneration amount relating to the company is \$nil for the year ended 30 September 2018 (2017: \$nil). There are no other employees of the company.

ITC Enterprises Limited

Registered number 07381646

Notes to the financial statements (continued)**Year ended 30 September 2018****9. Tax on loss on ordinary activities***a) Tax charged in the income statement*

	2018 US \$000	2017 US \$000
<i>Current taxation</i>		
German corporation tax charge/(credit) for the year	98	94
Amounts (over)/underprovided in prior years	(26)	226
Total current income tax	72	320
<i>Deferred taxation</i>		
Origination and reversal of temporary differences	(816)	(1,929)
Total tax expense reported in the income statement	(744)	(1,609)

Corporation applicable tax rate is 29.125% (2017: 28.4%). This is the applicable German tax rate for the year, since the Company has tax residence in Germany.

b) Reconciliation of the total tax charge

The tax for the year can be reconciled to the loss per the income statement as follows:

	2018 US \$000	2017 US \$000
Loss on ordinary activities before taxation	(7,785)	(1,852)
Loss on ordinary activities before taxation multiplied by the current tax rate of 29.125% (2015: 28.425%)	(2,267)	(526)
Expenses not deductible for tax purposes	2,850	1,078
Deferred tax not recognized	(485)	(457)
Recognition of previously unrecognized losses	(816)	(1,929)
Amounts (over)/underprovided in prior years	(26)	226
Total tax expense reported in the income statement	(744)	(1,609)

Notes to the financial statements (continued)**Year ended 30 September 2018****9. Tax on loss on ordinary activities (continued)***c) Unrecognised tax losses*

At the balance sheet date, the company had unused and unrecognized accumulated corporate income tax losses of \$16.1m (2017: US\$19.5m) and unused and unrecognized accumulated trade tax losses of \$11.8m (2017: US\$16.3m) available for offset against future profits. Deferred tax asset has been partially recognized in respect of unused tax losses to the extent of probable available taxable profits against which the unused tax losses credits can be utilised by the Company.

d) Change in Corporation Tax rate

The German trade tax rate was 13.3% during 2018 (2017: increased from 12.6% to 13.3%). Corporate income tax is charged at a rate of 15.83% (2017: 15.83%). Any deferred tax expected to reverse has been remeasured using the rates substantively enacted at 30 September 2018.

e) Deferred tax

The deferred tax included in the balance sheet is as follows:

Deferred tax asset	2018 US \$000	2017 US \$000
Tax losses carried forward	2,745	1,929
Deferred tax in the income statement	2018 US \$000	2017 US \$000
Recognition of previously unrecognised tax losses	(816)	(1,929)

Of the deferred tax asset, US\$ 2,114k (2017: US\$ 1,469k) is expected to be utilised in greater than one year.

10. Dividends

There were no dividends paid or proposed during the year ended 30 September 2018 (2017: nil)

11. Intangible assets

	Trademark US\$ 000	Total US\$ 000
Cost		
At 1 October 2017	5,319	5,340
Disposals	(20)	(21)
At 30 September 2018	5,299	5,319

Intangible assets include Trademark with indefinite life. An impairment test is performed on an annual basis.

Recoverable amount is higher than the carrying amount in the balance sheet no adjustments in financial statement were made.

ITC Enterprises Limited

Registered number 07381646

Notes to the financial statements (continued)
Year ended 30 September 2018**12. Debtors**

	2018 US \$000	2017 US \$000
Trade debtors	8,988	5,134
Intergroup trade debtors	25,953	490
Prepayments	7,938	1,860
Intergroup trade prepayments	-	7,425
Other debtors	2,048	7
Other tax and social security	32	94
Amounts owed by group undertakings	26,271	24,725
Total	71,230	39,735

Amounts owed by group undertakings consist of intercompany short-term loans issued to ITC Travel Investments S.L. All loans bear interest at 5% in both years.

13. Creditors: Amounts falling due within one year

	2018 US \$000	2017 US \$000
Trade creditors	(3,437)	(2,589)
Intra-group trade creditors	(26,650)	(16,589)
Intra-group borrowings	(127,075)	(109,285)
Deferred revenue	(2,686)	(1,440)
Accruals and other creditors	(68)	(86)
Corporation tax payable	(444)	(372)
Total	(160,360)	(130,361)

Intra-group borrowings consist of intercompany short-term loans with Thomas Cook Group Treasury Limited of US\$ 127,075k (2017: US\$ 109,285k). All loans bear interest at US Libor plus an appropriate margin of 3.5% in both years.

14. Called up share capital

	2018 US \$000	2017 US \$000
Authorised, allotted and fully paid 3,269,327 ordinary shares of £1 each (2017: 3,269,327)	5,321	5,321

15. Ultimate controlling party

The Company is a subsidiary of ITC Travel Investments S.L. – a company ultimately controlled by the Thomas Cook Group plc, which is incorporated and domiciled in England and Wales. The smallest and largest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statement of Thomas Cook Group plc may be obtained from 3rd Floor, South Building, 200 Aldersgate, London, EC1A 4HD.

ITC Enterprises Limited

Registered number 07381646

16. Events subsequent to the reporting date

In May 2019 the Company obtained a short-term loan from Thomas Cook Group Treasury Limited in the amount of US\$ 10,000k bearing interest at US Libor plus an appropriate margin of 3.5%.