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**SMITH GLOBAL LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**SMITH GLOBAL LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	S J Balcombe J A C Lohan T Lohan  E G Orr P H Portz E Novoselov B White
<b>Company secretary</b>	N S Shafi
<b>Registered number</b>	04438845
<b>Registered office</b>	2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA
<b>Independent auditors</b>	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

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**SMITH GLOBAL LTD**

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## SMITH GLOBAL LTD

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The directors present their strategic report of the Company and the Group for the year ended 31 December 2019. The Group is required by the Companies Act, to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2019, and of the position of the Group at the year end, and a description of the principal risks and uncertainties facing the Group. The review is prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for the strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose.

#### Business review

The Group added a further 250 new hotels and villas to its portfolio during the year bringing accommodation listing on its website to approximately 1,750. It acted as an agent on over 80,000 bookings with an average value of almost £1,000.

As a result, the business' Gross Retail Turnover ("GRT") grew by just under 15% on 2018 with associated turnover growing by just under 13%.

The key performance indicators used by the directors to monitor the progress of the Group are set out below:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Gross Retail Turnover ("GRT")	<b>76,901,998</b>	<i>67,128,677</i>
Turnover	<b>16,269,864</b>	<i>14,408,661</i>
Turnover as a percentage of GRT	<b>21.16%</b>	<i>21.46%</i>
(Loss)/profit on ordinary activities before taxation	<b>(608,553)</b>	<i>452,272</i>
(Loss)/profit on ordinary activities as a percentage of turnover	<b>(3.74%)</b>	<i>3.14%</i>

There is also a foreign exchange gain included in the consolidated statement of other comprehensive income for the year amounting to £116,449 (2018 - loss of £200,708). This primarily relates to the translation of inter-company loan balances with the overseas subsidiaries at the exchange rates ruling at the year-end.

The results also include a provision for the impact of the COVID-19 crisis that hit the global travel sector in 2020 for bookings made 2019 and prepaid to the hotels for stays in 2020 that the hotels refused to refund but the company still refunded. The provision amounted to £244,848.

The directors consider the results to be satisfactory, given the investment of the successful 2018 crowdfunding equity raise in additional operating costs to grow the business and the general economic climate in which the Group has and continues to operate, particularly the ongoing uncertainty around Britain's exit from the European Union and the COVID-19 crisis.

The directors have also considered the going concern of the Group for the 12 months from approval date of these audited financial statements. See note 2.3 in the accounting policies on page 21 for full details.

#### Research and development

The Group continually researches new hotels and villas to publish information on and continuously develops its proprietary booking technology to act as an agent for hotels and villa owners. The company paused researching and booking experiences in 2020 in response to the COVID-19 crisis.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Future developments**

The strategic aim of the Group for 2020 and 2021 is to continue to add more carefully curated hotels and villas globally and focus on driving growth through member service and retention and through a growing network of distribution partners.

In 2020, the Group was hit hard by the COVID-19 crisis in line with the whole global travel sector. The resulting booking cancellations and amendments meant that there was effectively zero stayed revenue in Q2 and international travel remained very limited after that. Full year stayed revenues are expected to be down by more than 70% in 2020. The teams worked hard to look after every individual cancellation and amendment and provide a refund or credit for every prepaid booking that was cancelled, even when the hotels did not provide a refund or credit. There will be some additional write-offs as a result. However, the Company reacted quickly to reduce marketing, personnel and overhead costs and conserve cash, closing its offices in Los Angeles, New York and London, reducing headcount and making use of the UK government's furlough scheme to help preserve a core team across all functions to be ready for the recovery.

The immediate outlook for 2021 is very uncertain; however, the Group has experienced strong evidence of the pent up demand for its products and services for as soon as the restrictions on travel are lifted.

**Principal risks and uncertainties**

**Coronavirus (COVID-19)**

The restrictions imposed on global travel creates a volatile operating environment for the Group. The Group anticipates ongoing disruption to its operations as countries continue to mitigate their exposure to the pandemic at different times to reflect the level of regional exposure. The Group has strategies in place to react to various anticipated scenarios including a prolonged period of disrupted booking cycles due to a mix of travel restrictions and consumer demand. The Group anticipates a gradual recovery in bookings throughout 2021 and has sufficient liquidity, with the ability to raise further funds if needed, to continue to operate as a going concern.

**Financial instrument risk**

Up to 31 December 2019, Smith Bonds Plc, one of the Group's wholly owned subsidiaries, had issued £2,143,500 (2018 - £2,331,500) of four year unsecured bonds paying an annual interest of 7.5% in cash or 9.5% in Smith loyalty money.

Also, the Group is exposed to translation and transaction foreign exchange risk. However, the Group benefits from inbuilt hedging, with both revenues and costs in multiple currencies. Revenues include annual fees paid by hotels and villas around the world, paid in currencies of the group's choice (e.g. GBP, EUR, USD, SGD), plus booking prepayments from customers all over the world and invoiced commissions from the global hotels. Costs include marketing and hotel account management operations in GBP, EUR, USD and SGD and booking payments to the global hotels, in both cases largely matching with the revenues received.

**Regulatory risk**

The Group is exposed to various regulators, including the Civil Aviation Authority ("CAA") which issues an Air Travel Organisers Licence ("ATOL") which is required in order for the group to sell flights. This licence is renewed in September each year and is subject to assessments of fitness and financial criteria, the framework of which is available on the CAA website ([www.caa.co.uk](http://www.caa.co.uk)). In response to the COVID-19 crisis, the group took the decision to stop selling flights and packages and not to renew the licence in September 2020.

**Competition risk**

The Group faces competition from both a growing number of internet based travel agents and accommodation providers who are increasing the volume of sales they make directly to the general public. The Group seeks to constantly invest in its brand to increase public awareness as well as offer carefully selected products from a global range of suppliers at competitive prices to maintain its market position.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Commercial risk**

As an internet based business, the Group is dependent on the uninterrupted operation of its IT systems and website. These systems are vulnerable to power loss, fire, computer viruses and other events. Loss of these systems would impair the ability of the Company and the Group to carry on its business effectively. IT risks are managed through the operation of independent data centres.

The commercial risks which may affect the trading performance of the Group include:

- acts of terrorism, particularly in key tourist destinations;
- epidemics in key tourist destinations which threaten the health of tourists;
- wars or other international uncertainty which affects air travel;
- natural disasters in key tourist destinations;
- weather conditions, both in the UK and key tourist destinations;
- changes in customer behaviour and preferences;
- increases in government taxes.

These factors may affect the Group by causing potential customers to cancel or postpone travel plans, reducing the earnings potential of the Group. The Group seeks to minimise such risks by offering a wide selection of products in a wide range of destinations.

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This report was approved by the board on 24 December 2020 and signed on its behalf.

**E G Orr**  
**Director**



The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

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

**Principal activity**

The Group's principal activity during the year continued to be the publishing of hotel information and acting as a booking agent for hotels.

**Results and dividends**

The loss for the year, after taxation, amounted to £468,641 (2018 - profit £451,627).

No dividends will be distributed for the year ended 31 December 2019

**Directors**

The directors who served during the year were:

S J Balcombe  
J A C Lohan  
T Lohan  
E G Orr  
P H Portz  
E Novoselov  
B White

**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 and the Group'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 and the Group's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end, except for the outbreak of the Coronavirus (COVID-19) pandemic, which has had a significant impact upon the industry in which the Group operates, as described in note 2.3.

**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 24 December 2020 and signed on its behalf.

**E G Orr**  
**Director**

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**SMITH GLOBAL LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD**

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**Opinion**

We have audited the financial statements of Smith Global Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

**The impact of uncertainties due to COVID-19 pandemic and Britain exiting the European Union on our audit**

Uncertainties related to the effects of the COVID-19 pandemic and Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and Company's future prospects and performance.

The COVID-19 pandemic has had an unprecedented impact upon the worldwide economy and in particular upon the travel industry, with many consumers cancelling or delaying travel plans as a result. At the date of this report, the full range of possible effects upon travel companies cannot be estimated or assessed due to the current levels of uncertainty around government and consumer responses to what might happen.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's and Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or company and this is particularly the case in relation to the COVID-19 pandemic and Brexit.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (CONTINUED)

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**Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the Group's and Company's ability to continue as a going concern.

As explained in note 2.3, the current COVID-19 pandemic has had an unprecedented impact upon the global economy and especially upon the travel industry. This has led many consumers to hold off on booking new holidays or cancel existing holidays until the global situation stabilises, resulting in greatly reduced cash flows for travel companies. These problematic trading conditions have negatively impacted the Group's and Company's trade as well as its immediate and projected cash flows.

In the event that the COVID-19 pandemic worsens for a further prolonged period of time, there would be significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

**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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (CONTINUED)

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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:

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- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 on page 4, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**SMITH GLOBAL LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

M S Caldicott ACA FCCA CTA (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

24 December 2020

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SMITH GLOBAL LTD

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CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Note	2019 £	2018 £
Turnover	4	16,269,864	14,408,661
Cost of sales		(3,048,160)	(2,257,339)
<b>Gross profit</b>		<b>13,221,704</b>	<b>12,151,322</b>
Administrative expenses		(14,007,640)	(11,732,542)
Other operating income	5	338,116	249,671
<b>Operating (loss)/profit</b>	6	<b>(447,826)</b>	<b>668,451</b>
Interest receivable and similar income	10	20,446	146
Interest payable and similar expenses	11	(181,173)	(216,325)
<b>(Loss)/profit before tax</b>		<b>(608,553)</b>	<b>452,272</b>
Tax on (loss)/profit	12	139,912	(645)
<b>(Loss)/profit for the financial year</b>		<b>(468,641)</b>	<b>451,627</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent		(468,641)	451,627
		<b>(468,641)</b>	<b>451,627</b>



The notes on pages 20 to 45 form part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
(Loss)/profit for the financial year		<b>(468,641)</b>	451,627
<b>Other comprehensive income</b>			
Exchange gain/ (loss)		<b>116,449</b>	(200,708)
<b>Other comprehensive income for the year</b>		<b>116,449</b>	(200,708)
<b>Total comprehensive income for the year</b>		<b>(352,192)</b>	250,919
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent Company		<b>(468,641)</b>	451,627
		<b>(468,641)</b>	451,627

The notes on pages 20 to 45 form part of these financial statements.

**SMITH GLOBAL LTD**  
**REGISTERED NUMBER: 04438845**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	14	2,920,585	2,217,205
Tangible assets	15	130,464	84,386
		3,051,049	2,301,591
<b>Current assets</b>			
Stocks	17	69,714	136,451
Debtors: amounts falling due within one year	18	3,781,317	3,352,681
Cash at bank and in hand	19	6,338,410	7,472,061
		10,189,441	10,961,193
Creditors: amounts falling due within one year	20	(9,308,256)	(8,769,410)
<b>Net current assets</b>		881,185	2,191,783
<b>Total assets less current liabilities</b>		3,932,234	4,493,374
Creditors: amounts falling due after more than one year	21	(1,944,500)	(2,153,500)
<b>Provisions for liabilities</b>			
<b>Net assets</b>		1,987,734	2,339,874
<b>Capital and reserves</b>			
Called up share capital	24	208,577	208,551
Share premium account	25	10,264,534	10,264,508
Foreign exchange reserve	25	257,734	107,097
Profit and loss account	25	(8,743,111)	(8,240,282)
<b>Equity attributable to owners of the parent Company</b>		1,987,734	2,339,874

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2020.

**E G Orr**  
**Director**

The notes on pages 20 to 45 form part of these financial statements.



**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	14	2,918,450	2,212,936
Tangible assets	15	130,466	84,388
Investments	16	23,536	23,536
		<b>3,072,452</b>	<b>2,320,860</b>
<b>Current assets</b>			
Stocks	17	69,714	136,451
Debtors: amounts falling due within one year	18	5,032,774	4,815,719
Cash at bank and in hand	19	6,137,069	7,192,272
		<b>11,239,557</b>	<b>12,144,442</b>
Creditors: amounts falling due within one year	20	<b>(10,718,85)</b>	<b>(10,417,964)</b>
<b>Net current assets</b>		<b>520,706</b>	<b>1,726,478</b>
<b>Total assets less current liabilities</b>		<b>3,593,158</b>	<b>4,047,338</b>
<b>Net assets</b>		<b>3,593,158</b>	<b>4,047,338</b>
<b>Capital and reserves</b>			
Called up share capital	24	208,577	208,551
Share premium account	25	10,264,534	10,264,508
Profit and loss account brought forward		<b>(6,425,721)</b>	<b>(6,696,343)</b>
Loss/(profit) for the year		<b>(454,232)</b>	<b>270,622</b>
Profit and loss account carried forward		<b>(6,879,953)</b>	<b>(6,425,721)</b>
		<b>3,593,158</b>	<b>4,047,338</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2020.

**E G Orr**  
**Director**

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2019	208,551	10,264,508	107,097	(8,240,282)	2,339,874
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(468,641)	(468,641)
Exchange gain/(loss)	-	-	150,637	(34,188)	116,449
<b>Other comprehensive income for the year</b>	-	-	150,637	(34,188)	116,449
<b>Total comprehensive income for the year</b>	-	-	150,637	(502,829)	(352,192)
Shares issued during the year	26	26	-	-	52
<b>Total transactions with owners</b>	26	26	-	-	52
<b>At 31 December 2019</b>	<b>208,577</b>	<b>10,264,534</b>	<b>257,734</b>	<b>(8,743,111)</b>	<b>1,987,734</b>

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2018	155,018	4,746,857	307,805	(8,691,909)	(3,482,229)
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	451,627	451,627
Exchange gain/(loss)	-	-	(200,708)	-	(200,708)
<b>Other comprehensive income for the year</b>	-	-	(200,708)	-	(200,708)
<b>Total comprehensive income for the year</b>	-	-	(200,708)	451,627	250,919
Shares issued during the year	53,533	6,173,268	-	-	6,226,801
Costs relating to share issue	-	(655,617)	-	-	(655,617)
<b>Total transactions with owners</b>	53,533	5,517,651	-	-	5,571,184
<b>At 31 December 2018</b>	<u>208,551</u>	<u>10,264,508</u>	<u>107,097</u>	<u>(8,240,282)</u>	<u>2,339,874</u>

The notes on pages 20 to 45 form part of these financial statements.

## SMITH GLOBAL LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	208,551	10,264,508	(6,425,721)	4,047,338
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(454,232)	(454,232)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(454,232)	(454,232)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	26	26	-	52
<b>Total transactions with owners</b>	26	26	-	52
<b>At 31 December 2019</b>	<u>208,577</u>	<u>10,264,534</u>	<u>(6,879,953)</u>	<u>3,593,158</u>

The notes on pages 20 to 45 form part of these financial statements.



## SMITH GLOBAL LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	155,018	4,746,857	(6,696,343)	(1,794,468)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	270,622	270,622
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	270,622	270,622
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	53,533	6,173,268	-	6,226,801
Costs relating to share issue	-	(655,617)	-	(655,617)
<b>Total transactions with owners</b>	53,533	5,517,651	-	5,571,184
<b>At 31 December 2018</b>	<b>208,551</b>	<b>10,264,508</b>	<b>(6,425,721)</b>	<b>4,047,338</b>

The notes on pages 20 to 45 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(468,641)	451,627
<b>Adjustments for:</b>		
Amortisation of intangible assets	911,567	712,361
Depreciation of tangible assets	47,694	53,639
Interest paid	181,173	216,325
Interest received	(20,446)	(146)
Taxation charge	(139,912)	645
Decrease in stocks	66,737	27,416
(Increase) in debtors	(286,093)	(250,190)
Increase in creditors	518,089	701,276
Corporation tax received/(paid)	2,730	(731)
Effect of foreign exchange rate changes	116,449	(200,708)
Future loyalty costs on equity fund raise	-	(224,128)
<b>Net cash generated from operating activities</b>	<b>929,347</b>	<b>1,487,386</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,617,961)	(1,058,016)
Purchase of tangible fixed assets	(96,145)	(42,863)
Interest received	20,446	146
Net cash outflow from acquisition of subsidiaries	-	(5,920)
<b>Net cash from investing activities</b>	<b>(1,693,660)</b>	<b>(1,106,653)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	<b>52</b>	<i>5,509,812</i>
Repayment of debenture loans	<b>(188,000)</b>	<i>(159,000)</i>
Repayment of other loans	-	<i>(10,275)</i>
Loans due from/(repaid to) directors	-	<i>(100,719)</i>
Interest paid	<b>(181,173)</b>	<i>(216,325)</i>
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(369,121)</b>	<i>5,023,493</i>
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,133,434)</b>	<i>5,404,226</i>
Cash and cash equivalents at beginning of year	<b>7,471,844</b>	<i>2,067,618</i>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of year</b>	<b><u>6,338,410</u></b>	<i><u>7,471,844</u></i>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>6,338,410</b>	<i>7,472,059</i>
Bank overdrafts	-	<i>(215)</i>
	<hr/>	<hr/>
	<b><u>6,338,410</u></b>	<i><u>7,471,844</u></i>

The notes on pages 20 to 45 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

Smith Global Limited is a private company limited by shares, domiciled in England and Wales, registration number 04438845. The registered office is 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA.

**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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The current COVID-19 pandemic has had an unprecedented impact upon the global economy and in particular upon the travel industry, causing many consumers to cancel or amend their travel and accommodation arrangements.

Additionally, with the majority of consumers no longer seeking to book holidays until the global situation stabilises, many travel companies are struggling to cope with greatly reduced cash flows.

The directors therefore took immediate steps to review the Group's financial position, downgrade its forecasts and initiate mitigation actions in order to neutralise as far as possible the financial impact from the significant downturn in trading. These actions included the following:

- Reducing the level of marketing spend;
- Reducing the level of staff costs;
- Closing the offices in Los Angeles, New York and London;
- Conducting a review of all other overhead costs and streamlining these wherever possible;
- Taking advantage of the government backed Coronavirus Job Retention Scheme (CJRS) by furloughing all appropriate employees for all available months.

Additionally, the directors performed a sensitivity analysis on its budgets and forecasts to assess the financial impact of both the initial slowdown in trading, and the future ramifications from continued lower trade, and the impact of this on the liquidity of the business. Given the continuing uncertainty regarding the development of the COVID-19 pandemic, the directors are continuing to monitor the situation closely to ensure that at all times, the Company and Group has access to sufficient liquidity.

It is extremely difficult to predict the overall outcome and impact of the COVID-19 pandemic at the date of this report. Under the downside scenarios listed above, there is potentially a liquidity risk for the company should the restrictions continue for longer than anticipated and further financing, or government, investor or shareholder support is not then obtained.

However, the directors will continue to take all reasonably commercial steps, including the pursuit of further financing or support if required, to mitigate against the impact of the COVID-19 pandemic and on the company's ability to continue as a going concern. For this reason, the directors believe that it is still appropriate to apply the going concern basis in the financial statements.

**2.4 Related party exemption**

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group. Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.5 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 Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.6 Revenue**

Turnover represents the commission/margin earned on all hotel and associated arrangements sold, recognised on the date of stay basis, and the publishing of hotel information and invoicing of membership fees, recognised over the period they relate to, net of value added tax.

Turnover is attributable to one continuing activity.

Gross Retail Turnover ("GRT") is the total gross amount receivable by the hotels in respect of booking arrangements made through the group for the year. Application Note 23 to FRS 102 requires the statutory turnover to be the net commission/margin earned. GRT for the year ended 31 December 2019 was £76,901,998 (2018 - £67,128,677).

Trade debtors still represent gross amounts receivable in respect of hotel arrangements and publishing and membership sales, and trade creditors still represent gross amounts payable in respect of hotel arrangements and publishing and membership purchases.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.7 Operating leases: the Group 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.

**2.8 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 is estimated to be 5 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.

**2.9 Interest income**

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

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.12 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.13 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.14 Taxation**

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.15 Intangible assets**

**Software development costs**

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its estimated useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	5	years
Intellectual Property	-	5	years

**2.16 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.

**2. Accounting policies (continued)**

**2.16 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the term of the lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Image library	- 25% on cost

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.

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.18 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.19 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.

**2.20 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 Consolidated 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 Group's cash management.

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.21 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.

**2.22 Financial instruments**

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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 31 DECEMBER 2019**

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

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**4. Turnover**

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

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Publishing and travel agency sales	<b>16,269,864</b>	<i>14,408,661</i>
	<b><u>16,269,864</u></b>	<i><u>14,408,661</u></i>

Analysis of turnover by country of destination:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
United Kingdom	<b>16,000,887</b>	<i>14,106,340</i>
United States of America	<b>268,977</b>	<i>302,321</i>
	<b><u>16,269,864</u></b>	<i><u>14,408,661</u></i>

**5. Other operating income**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Other operating income	<b>338,116</b>	<i>249,671</i>
	<b><u>338,116</u></b>	<i><u>249,671</u></i>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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**6. Operating (loss)/profit**

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

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Exchange differences	<u><b>296,085</b></u>	<u><i>(59,601)</i></u>

**7. Auditors' remuneration**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u><b>42,615</b></u>	<u><i>34,940</i></u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<u><b>5,240</b></u>	<u><i>4,930</i></u>
	<u><b>5,240</b></u>	<u><i>4,930</i></u>

**8. Employees**

Staff costs, including directors' remuneration and fees, were as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Wages, salaries and fees	<b>4,672,464</b>	4,489,946	<b>3,463,420</b>	3,280,861
Social security costs	<b>690,186</b>	574,820	<b>587,974</b>	473,322
Cost of defined contribution scheme	<b>283,680</b>	60,227	<b>283,680</b>	60,227
	<b><u>5,646,330</u></b>	<u>5,124,993</u>	<b><u>4,335,074</u></b>	<u>3,814,410</u>

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

	<b>2019 No.</b>	<i>2018 No.</i>
Administration	<b>66</b>	56
Development	<b>21</b>	15
Marketing	<b>14</b>	18
Sales	<b>22</b>	23
	<b><u>123</u></b>	<u>112</u>

#### 9. Directors' remuneration

	<b>2019 £</b>	<i>2018 £</i>
Directors' emoluments	<b>425,063</b>	476,398
Company contributions to defined contribution pension schemes	<b>25,268</b>	6,423
	<b><u>450,331</u></b>	<u>482,821</u>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

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The highest paid director received remuneration of £156,500 (2018 - £142,267).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,872 (2018 - £2,267).



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SMITH GLOBAL LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Interest receivable

	2019 £	2018 £
Other interest receivable	20,446	146
	<u>20,446</u>	<u>146</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Bonds interest	181,173	216,325
	<u>181,173</u>	<u>216,325</u>

12. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	(142,670)	28
	<u>(142,670)</u>	<u>28</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	2,758	617
	<u>2,758</u>	<u>617</u>
<b>Total current tax</b>	<u>(139,912)</u>	<u>645</u>
<b>Deferred tax</b>		
	<u>-</u>	<u>-</u>
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>

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**SMITH GLOBAL LTD**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
(Loss)/profit on ordinary activities before tax	<u><b>(608,553)</b></u>	<u><i>452,272</i></u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>(115,625)</b>	<i>85,932</i>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>2,422</b>	<u><i>57,927</i></u>

Capital allowances for year in excess of depreciation	<b>(16,667)</b>	<i>(7,813)</i>
Utilisation of tax losses	-	<i>(100,621)</i>
Foreign profits/losses not subject to UK tax/foreign tax	<b>2,758</b>	<i>(36,182)</i>
Research and development tax credits received	<b>(142,670)</b>	-
Unrelieved tax losses carried forward	<b>129,870</b>	<i>2,002</i>
<b>Total tax charge for the year</b>	<b><u>(139,912)</u></b>	<b><u>645</u></b>

#### **Factors that may affect future tax charges**

There are no factors that may affect future tax charges.

#### **13. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the year was £454,232 (2018 - profit £270,622).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Intangible assets****Group**

	<b>Patents and licences</b>	<b>Development costs</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2019	70,243	4,569,025	6,403	4,645,671
Additions	-	1,617,961	-	1,617,961
Disposals	(5,300)	-	-	(5,300)
At 31 December 2019	<u>64,943</u>	<u>6,186,986</u>	<u>6,403</u>	<u>6,258,332</u>
<b>Amortisation</b>				
At 1 January 2019	13,026	2,413,306	2,134	2,428,466
Charge for the year on owned assets	22,773	884,374	2,134	909,281
At 31 December 2019	<u>35,799</u>	<u>3,297,680</u>	<u>4,268</u>	<u>3,337,747</u>
<b>Net book value</b>				
At 31 December 2019	<u>29,144</u>	<u>2,889,306</u>	<u>2,135</u>	<u>2,920,585</u>
<b>At 31 December 2018</b>	<u>57,217</u>	<u>2,155,719</u>	<u>4,269</u>	<u>2,217,205</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Intangible assets (continued)****Company**

	<b>Patents and licences</b>	<b>Development costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2019	69,817	4,569,025	4,638,842
Additions	-	1,617,961	1,617,961
Disposals	(5,300)	-	(5,300)
At 31 December 2019	<u>64,517</u>	<u>6,186,986</u>	<u>6,251,503</u>
<b>Amortisation</b>			
At 1 January 2019	12,600	2,413,306	2,425,906
Charge for the year	22,773	884,374	907,147
At 31 December 2019	<u>35,373</u>	<u>3,297,680</u>	<u>3,333,053</u>
<b>Net book value</b>			
At 31 December 2019	<u>29,144</u>	<u>2,889,306</u>	<u>2,918,450</u>
<b>At 31 December 2018</b>	<u>57,217</u>	<u>2,155,719</u>	<u>2,212,936</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets**

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**Group**

	<b>Short-term leasehold property</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Image library</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2019	91,344	232,896	10,603	17,013	351,856
Additions	17,832	71,687	6,626	-	96,145
At 31 December 2019	<u>109,176</u>	<u>304,583</u>	<u>17,229</u>	<u>17,013</u>	<u>448,001</u>
<b>Depreciation</b>					
At 1 January 2019	78,904	177,523	3,564	7,479	267,470
Charge for the year on owned assets	14,003	29,629	3,033	3,402	50,067
At 31 December 2019	<u>92,907</u>	<u>207,152</u>	<u>6,597</u>	<u>10,881</u>	<u>317,537</u>
<b>Net book value</b>					
At 31 December 2019	<u>16,269</u>	<u>97,431</u>	<u>10,632</u>	<u>6,132</u>	<u>130,464</u>
<b>At 31 December 2018</b>	<u>12,440</u>	<u>55,373</u>	<u>7,039</u>	<u>9,534</u>	<u>84,386</u>

The net book value of land and buildings may be further analysed as follows:

	<b>2019</b>	<b>2018</b>
	£	£
Short leasehold	16,269	12,440
	<u>16,269</u>	<u>12,440</u>

**Company**

	<b>Short-term leasehold property</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Image library</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2019	<b>91,344</b>	<b>144,722</b>	<b>10,603</b>	<b>17,013</b>	<b>263,682</b>
Additions	<b>17,832</b>	<b>71,687</b>	<b>6,626</b>	<b>-</b>	<b>96,145</b>
At 31 December 2019	<b>109,176</b>	<b>216,409</b>	<b>17,229</b>	<b>17,013</b>	<b>359,827</b>
<b>Depreciation</b>					
At 1 January 2019	<b>78,904</b>	<b>89,347</b>	<b>3,564</b>	<b>7,479</b>	<b>179,294</b>
Charge for the year on owned assets	<b>14,003</b>	<b>29,629</b>	<b>3,033</b>	<b>3,402</b>	<b>50,067</b>
At 31 December 2019	<b>92,907</b>	<b>118,976</b>	<b>6,597</b>	<b>10,881</b>	<b>229,361</b>
<b>Net book value</b>					
At 31 December 2019	<b>16,269</b>	<b>97,433</b>	<b>10,632</b>	<b>6,132</b>	<b>130,466</b>
<b>At 31 December 2018</b>	<b>12,440</b>	<b>55,375</b>	<b>7,039</b>	<b>9,534</b>	<b>84,388</b>

The net book value of land and buildings may be further analysed as follows:

	<b>2019</b>	<i>2018</i>
	£	£
Short leasehold	<b>16,269</b>	<i>12,440</i>
	<b>16,269</b>	<i>12,440</i>

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**16. Fixed asset investments**

**Company**

**Investments in  
subsidiary  
companies**  
£

**Cost or valuation**

At 1 January 2019	<u>23,536</u>
At 31 December 2019	<u><u>23,536</u></u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Mr & Mrs Smith (Americas) Inc	1430 Broadway, Suite 1503, New York, NY 10018, USA	Ordinary	100%
Smith Bonds Plc	2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA	Ordinary	100%
Sidestory Limited	2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA	Ordinary	100%

**17. Stocks**

	<b>Group 2019</b>	<i>Group 2018</i>	<b>Company 2019</b>	<i>Company 2018</i>
	£	£	£	£
Inventories	<u>69,714</u>	<u>136,451</u>	<u>69,714</u>	<u>136,451</u>
	<u><u>69,714</u></u>	<u><u>136,451</u></u>	<u><u>69,714</u></u>	<u><u>136,451</u></u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.



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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Debtors**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Trade debtors	<b>3,205,990</b>	2,579,377	<b>3,017,645</b>	2,406,770
Amounts owed by group undertakings	-	-	<b>1,496,863</b>	1,694,793
Other debtors	<b>262,484</b>	232,695	<b>208,293</b>	178,045
Prepayments and accrued income	<b>309,973</b>	536,111	<b>309,973</b>	536,111
Tax recoverable	<b>2,870</b>	4,498	-	-
	<b><u>3,781,317</u></b>	<u>3,352,681</u>	<b><u>5,032,774</u></b>	<u>4,815,719</u>

**19. Cash and cash equivalents**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Cash at bank and in hand	<b>6,338,410</b>	7,472,059	<b>6,137,069</b>	7,192,272
Less: bank overdrafts	-	(215)	-	-
	<b><u>6,338,410</u></b>	<u>7,471,844</u>	<b><u>6,137,069</u></b>	<u>7,192,272</u>

**20. Creditors: Amounts falling due within one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Bank overdrafts	-	215	-	-
Other loans	<b>199,000</b>	178,000	-	-
Trade creditors	<b>541,536</b>	701,452	<b>517,999</b>	680,933
Amounts owed to group undertakings	-	-	<b>1,945,382</b>	2,378,083
Corporation tax	<b>731</b>	759	<b>731</b>	759
Other taxation and social security	<b>214,625</b>	450,324	<b>197,340</b>	193,468
Other creditors	<b>6,081,579</b>	5,398,709	<b>6,079,375</b>	5,398,218
Accruals and deferred income	<b>2,270,785</b>	2,039,951	<b>1,978,024</b>	1,766,503
	<b><u>9,308,256</u></b>	<u>8,769,410</u>	<b><u>10,718,851</u></b>	<u>10,417,964</u>

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**21. Creditors: Amounts falling due after more than one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>
Other loans	<b>1,944,500</b>	<i>2,153,500</i>
	<b><u>1,944,500</u></b>	<i><u>2,153,500</u></i>

Included in other loans above are 'Bonds 2017' that were issued at various dates between July 2012 and December 2017 at par and carry interest at a rate of 7.5% or 9.5% depending on whether the subscriber opted for cash payment or Mr & Mrs Smith loyalty money respectively. The loyalty money can be redeemed against travel packages booked with the parent company, Smith Global Limited. The bonds are non-transferable, non-convertible and unsecured, to be repaid in July 2020 if the appropriate redemption notice was provided, or rolled forward for a further 12 months on the same terms if not. The repayment is guaranteed by Smith Global Limited.

**22. Loans**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>
<b>Amounts falling due within one year</b>		
Other loans	<b>199,000</b>	<i>178,000</i>
	<b><u>199,000</u></b>	<i><u>178,000</u></i>
<b>Amounts falling due 1-2 years</b>		
Other loans	<b>1,944,500</b>	<i>2,153,500</i>
	<b><u>1,944,500</u></b>	<i><u>2,153,500</u></i>
	<b><u>2,143,500</u></b>	<i><u>2,331,500</u></i>



SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS  
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23. Financial instruments

	Group 2019 £	<i>Group</i> 2018 £	Company 2019 £	<i>Company</i> 2018 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	6,338,410	7,472,059	6,137,069	7,192,272
Financial assets that are debt instruments measured at amortised cost	3,325,804	2,812,069	4,580,131	4,279,608
	<u>9,664,214</u>	<u>10,284,128</u>	<u>10,717,200</u>	<u>11,471,880</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(9,564,913)</u>	<u>(9,151,484)</u>	<u>(8,858,028)</u>	<u>(8,903,394)</u>

Financial assets measured at fair value through profit or loss comprise bank and cash balances, which are revalued at 31 December 2019 in line with year-end spot rates.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors arising in the normal course of business.

Financial liabilities measured at amortised cost comprise trade and other creditors and accruals arising in the normal course of business.

24. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
208,577 (2018 - 208,551) Ordinary shares of £1.00 each	<u>208,577</u>	<u>208,551</u>

During the year, 26 Ordinary shares of £1 each were allotted under the EMI scheme and fully paid for cash at a premium of £2 per share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**25. Reserves****Share premium account**

The share premium account represents the additional amount shareholders have paid for their issued shares that was in excess of the par value of those shares.

**Foreign exchange reserve**

The foreign exchange reserve represents differences arising upon the revaluation of foreign subsidiary companies stated in their local currencies. The financial statements of these companies are revalued to match the presentation currency of the group for consolidated purposes, to show the entirety of the group's results in Pounds Sterling (GBP). See accounting policy 2.5 for details of how the individual balances within the foreign subsidiaries are translated.

**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.

**26. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £311,348 (2018 - £60,227). Contributions totalling £30,252 (2018 - £75,538) were payable to the fund at the reporting date and are included in creditors.

**27. Commitments under operating leases**

At 31 December 2019 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Not later than 1 year	<b>319,395</b>	<i>85,080</i>	<b>319,395</b>	<i>85,080</i>
Later than 1 year and not later than 5 years	<b>137,684</b>	<i>-</i>	<b>137,684</b>	<i>-</i>
	<b><u>457,079</u></b>	<i><u>85,080</u></i>	<b><u>457,079</u></b>	<i><u>85,080</u></i>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**28. Directors' advances, credits and guarantees**

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	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>J A C Lohan</b>		
Balance outstanding at start of year	<b>49,332</b>	<i>47,082</i>
Amounts advanced	<b>2,250</b>	<i>2,250</i>
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	-
	<b>51,582</b>	<i>49,332</i>

The loan is unsecured, with interest arising at 7.5% per annum and with no fixed repayment date.

**29. Related party transactions**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>IM Support</b>		
J A C Lohan, a director, is also a director/shareholder of IM Support		
Services provided by the related party to the company	<b>173,705</b>	-
Amount due to the related party at the balance sheet date	-	-
<b>Sally Balcombe Consulting Limited</b>		
Mrs S J Balcombe, a director, is also a director/shareholder of Sally Balcombe Consulting Limited		
Non-executive consultancy services provided to the company	-	<i>5,000</i>
Amount due to the related party at the balance sheet date	-	<i>8,400</i>
<b>Avonglen Limited</b>		
Mr B White, a director, is also a director/shareholder of Avonglen Limited		
Non-executive consultancy services provided to the company	<b>36,293</b>	<i>8,760</i>
Amount due to the related party at the balance sheet date	<b>3,663</b>	<i>2,405</i>

**30. Post balance sheet events**

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In 2020, the Group was hit hard by the COVID-19 crisis in line with the whole global travel sector. The resulting booking cancellations and amendments meant that there was effectively zero stayed revenue in Q2 and international travel remained very limited after that. Full year stayed revenues are expected to be down by more than 70% in 2020. The teams worked hard to look after every individual cancellation and amendment and provide a refund or credit for every prepaid booking that was cancelled, even when the hotels did not provide a refund or credit. There will be some additional write-offs as a result. However, the Company reacted quickly to reduce marketing, personnel and overhead costs and conserve cash, closing its offices in Los Angeles, New York and London, reducing headcount and making use of the UK government's furlough scheme to help preserve a core team across all functions to be ready for the recovery. The immediate outlook for 2021 is very uncertain; however, the Group has experienced strong evidence of the pent up demand for its products and services for as soon as the restrictions on travel are lifted.

### **31. Controlling party**

In the opinion of the directors, there is no ultimate controlling party.

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**SMITH GLOBAL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



**32. Share-based payment transactions**

Share options have been granted as follows:

	Unexercised options B/fwd £		Unexercise options C/fw
<b>Share options granted at a market value and exercise price of £1 per share</b>			
J A C Lohan	6,600		6,600
T Lohan	4,800		4,800
E G Orr	2,000		2,000
S J Balcombe	-		-
Staff	1,628		1,628
	<u>15,028</u>		<u>15,028</u>
	Unexercised options B/fwd £	Exercised £	Unexercised options C/fwd £
<b>Share options granted at a market value and exercise price of £2 per share</b>			
J A C Lohan	1,142	-	1,142
T Lohan	1,142	-	1,142
S J Balcombe	246	-	246
Staff	438	26	412
	-	-	-
	<u>2,968</u>	<u>-</u>	<u>2,942</u>

**SMITH GLOBAL LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**32. Share-based payment transactions (continued)**

	Unexercised options B/fwd £	Issued in year £	Lapsed £	Unexercise options C/fw
<b>Share options granted at a market value of £3 per share and exercise price of £87 per share</b>				
J A C Lohan	4,404	-	-	4,40
T Lohan	4,404	-	-	4,40
E G Orr	4,404	-	-	4,40
B White	2,202	-	-	2,20
Staff	6,606	3,875	6,476	4,00
	<u>22,020</u>	<u>3,875</u>	<u>6,476</u>	<u>19,41</u>

All share options had their stated market values agreed with HM Revenue and Customs under the Enterprise Management Incentives (EMI) Scheme.

For the options granted at a market value of £1 and £2 per share, all are linked to performance conditions and will lapse if the employee leaves without exercising the options or at the end of ten years, whichever is earlier.

For the options granted at a market value of £3 per share, exercise is dependent on certain market conditions being satisfied, and will lapse if the option holder leaves (except at the discretion of the Board) or at the end of ten years, whichever is earlier.

The Group has applied the transitional relief available under FRS 102 for all share options granted prior to the FRS 102 transition date of 1 January 2014.

The directors have considered the fair value of share options granted post 1 January 2014 and are satisfied that no provision is required in the financial statements at 31 December 2019 based on the Group's current and forecast performance and cash flow, and taking into account all known market and non-market conditions.