Ten Lifestyle Group Plc
Annual Report and Accounts 2019

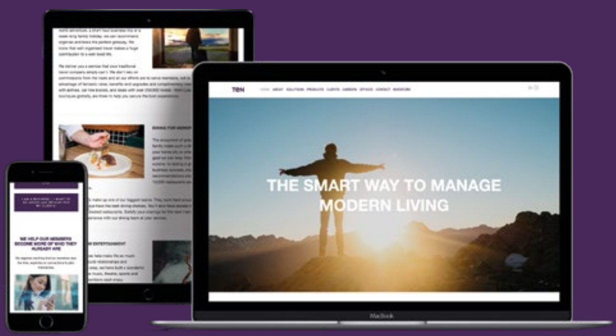
THE FUTURE OF SERVICE

TEN

OUR MISSION:

TO BECOME THE WORLD'S MOST TRUSTED SERVICE

Our mission is to be the world's most trusted service. We aim to deliver the best in personalised, expert-led customer service combined with continuous innovation in technology. Today, our service is offered to millions of members and we work with more than 50 corporate partners from 22 operational offices located in the world's most important metropolitan cities.



Find out more about us at
tenlifestylegroup.com

Watch our investor presentation at
tenlifestylegroup.com/investors/documents

Highlights

FINANCIAL

- Net Revenue[1] up 23% to £45.8m (2018: £37.4m)
- All three regions growing in double digits:
  - 18% Net Revenue growth in EMEA[2]
  - 38% Net Revenue growth in the Americas
  - 11% Net Revenue growth in APAC[3]
- Adjusted EBITA[4] of £(4.3)m (2018: £(3.9)m) with improved margin[5] of (9.4)% (2018: (10.4)%)
- Loss before tax of £(7.3)m (2018: £(8.5)m)
- Cash at £12.3m (2018: £20.7m) and no debt
- Cash outflow £8.3m; second half outflow (£0.8m (unaudited)) significantly lower than the first half outflow (£7.5m (unaudited))

OPERATIONAL

- Record member satisfaction globally[6]
- One Large contract won, two existing Large contracts grown to become Extra Large (2018: nil Extra Large contracts) plus two contracts expected to be Large contracts in annualised terms won but not launched in the year. A deal signed post year-end to grow an existing contract into an Extra Large contract in 2020[7]
- Ten's competitive proprietary digital platform becoming established in all three global regions and with fourteen client brands
- £12.2m spent on proprietary digital platform, communications and technologies enhancing client experience (2018: £10.5m)
- Operating efficiency improved due to technology improvements as well as growing maturity in our operations and supplier base

1 Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.

2 The Europe, Middle East and Africa region.

3 The Asia-Pacific region.

4 Adjusted EBITA is operating (loss)/profit before interest, taxation, amortisation, share-based payments and exceptional costs.

5 Adjusted EBITA as a percentage of Net Revenue.

6 Ten measures member satisfaction using the Net Promoter Score management tool, which gauges the loyalty of a firm's customer relationships (https://en.wikipedia.org/wiki/Net_Promoter).

7 Ten categorises its corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services by Ten as: Small contracts (below £0.25m); Medium contracts (between £0.25m and £2m); Large contracts (over £2m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services.

Net Revenue
£m

£45.8m

2018: £37.4m

2017: £33.2m

Adjusted EBITA
£m

£(4.3)m

2018: £(3.9)m

2017: £1.7m

Operating loss before interest and tax
£m

£(7.8)m

2018: £(8.0)m

2017: £(1.7)m

Loss for the year
£m

£(8.3)m

2018: £(8.1)m

2017: £(1.6)m

Adjusted EBITA margin % of Net Revenue

(9.4)%

2018: (10.4)%

2017: 5.1%

AN ENHANCED PLATFORM

This year we offered services to millions of eligible members domiciled in over 52 countries around the world.

22 OPERATIONAL OFFICES

San Francisco, United States of America

Las Vegas, United States of America

Mexico City, Mexico

Miami, United States of America

Toronto, Canada

New York City, United States of America

Bogota, Colombia

Buenos Aires, Argentina

São Paulo, Brazil

London, United Kingdom

Brussels, Belgium

Zürich, Switzerland

Cape Town, South Africa

Dubai, United Arab Emirates

Mumbai, India

Singapore, Republic of Singapore

Hong Kong, China

Shanghai, China

Tokyo, Japan

Melbourne, Australia

Oslo, Norway

Moscow, Russia

INVESTMENT CASE

1

This is a **huge market opportunity** as our service can become the best way to organise travel, entertainment, eating out and lifestyle activities

2

We are already the **established market leader** for technology-enabled concierge services[1]

3

We are building a **highly defendable market position** with long-term and large corporate contracts, a powerful closed user group model and an integrated technology platform

4

We are investing in **our technology platform** to deliver strong, personalised and improving service levels and to reduce the cost per interaction

5

We are en route to **profitability and cash generation** after a period of intensive investment after our IPO in November 2017

6

We have **healthy overall growth**[2] of 23% from multiple markets – both geographically and in terms of new corporate sectors

1 Based on our management's beliefs and assumptions and on information currently available to our management, including the number of corporate contracts won in competitive tenders.

2 Net Revenue up 23% with all three regions growing 10%+.

INVESTMENT IN TECHNOLOGY BEGINNING TO PAY OFF WITH GREAT CLIENT WINS AND PROGRESS TOWARDS PROFITABILITY

Bruce Weatherill
Chairman

Introduction

It is my pleasure to introduce Ten Lifestyle Group Plc's financial results for 2019, our second since listing on the London Stock Exchange's Alternative Investment Market (AIM).

In 2019, the Group has continued on its path to become the world's most trusted service. The business has won and launched new contracts in both new and existing markets and grown the number of members that have access to our service. Ten has also rolled out its enhanced digital platform globally, live for members in over 100 countries and 14 client brands. We continue to invest in our proprietary technology and I am pleased to say we are seeing this investment deliver material new client mandates. Our technology is a key differentiator and further enhances the Group's competitive position as a leading technology-enabled, global lifestyle and travel service platform for individuals and their families.

Strategy

Ten partners with corporate clients across a range of markets to deliver technology-enabled travel and lifestyle services to their most valuable customers, as well as to Ten's private membership. Ten's corporate partners generally offer our services to improve their customer retention, value, and advocacy.

Ten's concierge service assists members to discover, organise and book travel, dining, and live entertainment, but can extend to more general lifestyle and retail support services. Ten's unique range of offers and services, developed over the last 20 years, are now accessed by members through a combination of Ten's market-leading lifestyle and travel proprietary digital platform, the "Ten Platform", and the expertise of its Lifestyle Managers via phone, email and, from this year, live chat on the Ten Platform.

Through Ten's service proposition, members can achieve superior access, experiences, and outcomes often more cost effectively and conveniently than they could have achieved on their own. As a result of making arrangements on behalf of its combined membership base of wealthy individuals, Ten has access to better rates and/or enhanced benefits from its suppliers compared to other existing service providers, both online and offline.

We continue to invest in our technology and people to improve member experience, service quality and efficiencies, furthering our ambition to become the world's most trusted service. Our strategic goals to achieve this ambition are to: improve member experience, continue to invest in technology, expand existing contracts and develop new contract opportunities. We expand on our aims and progress in the year and look ahead for each of these goals on pages 12 and 13.

Results

I can report that we have continued to make good progress during the year towards each of these strategic objectives, resulting in strong Net Revenue growth of 23% year on year, with a reduction in our pre-tax loss.

Just over half of this growth came from the development of existing contracts, including two Large contracts growing into Extra Large contracts during the period. Just over a third of growth has resulted from the annualised growth of new contracts won in the 2018 financial year, which included Visa, Mastercard and HSBC Jade.

The year to 31 August 2019 also saw important strategic contract wins across all regions, with ICBC and CMB (China), RBC (Canada), Absa (South Africa), and DNB (Norway), as well as new opportunities with fintech leader Revolut, and a global TMT brand. A number of Small contracts have the potential to grow into Medium contracts in the coming year.

During the year we continued to invest in technology and people, positioning the Group well for further growth in the future. By maintaining levels of investment in technology, we are aiming for a digital transformation across the business, driving our competitive advantage, service efficiencies and supporting future growth. You can read more about our Digital Transformation on page 5.

We continue to maintain excellent corporate client retention and year-on-year record member satisfaction levels, across our high-touch and digital propositions. This has been achieved, in part, by investing in the training and development of our Lifestyle Managers and management, as well as by improving the use of our proprietary technology.

We ended the year with a cash position of £12.3m (2018: £20.7m), which is a cash outflow of £8.3m reflecting the continued investment in technology and people to support current and future Net Revenue growth. Our rate of cash outflow reduced as the year progressed primarily driven by increased revenues, operational efficiencies and improved working capital management.

We run our business based on three regions: EMEA, the Americas and APAC. All three regions had strong revenue growth, as a result of the annualised impact of new contracts plus existing client growth. This growth supports the significant investments made centrally by the Group as well as the investment in newer regions in prior years. Overall operational efficiencies were delivered during the year as we start to leverage our global scale and infrastructure to support our existing and future corporate partners.

People

The Group continues to benefit from a strong founder-led executive team which continues to drive the growth and technology innovations seen this year. We were pleased to welcome Alan Donald as Chief Financial Officer and a member of the Board in June 2019. Alan's strong experience further strengthens the executive team. We have included a Q&A with Alan at page 18 in addition to the Directors' biographies on pages 24 and 25.

The Group has continued to invest in quality Lifestyle Managers around the world as well as a number of senior hires.

Summary

I am very pleased to report that the strategy set out in the IPO two years ago (November 2017) is bearing fruit and can be seen in the results. Our continued investment in our digital platform and IT, together with our excellent client service, as demonstrated though record high NPS scores, has helped us expand existing contracts around the world and win new mandates. We have also begun to achieve increased efficiencies with no detriment to customer service as our offices around the world gain critical mass and we continue to roll out our digital platform.

We succeed when we create value for our corporate clients and deliver an exceptional experience to our members, their customers.

I would like to extend a huge thanks to my fellow Board members and to Ten employees worldwide, who have worked tirelessly to enhance our proposition and build the required technology platform to enable us to grow in the future and deliver shareholder value.

Bruce Weatherill
Chairman
25 November 2019

1 Customer relationship management tool (CRM).
2 A microservice is an architectural design that separates portions of an application into small, self-containing services.
3 Application programming interface.
4 "SOC" controls are a series of standards designed to help measure how well a service organisation conducts and regulates its information. SOC-certified organisations are independently audited to determine if the firm has the appropriate SOC safeguards and procedures in place.
5 Ten's proprietary customer relationship management (CRM) platform used by Lifestyle Managers.

Ten's digital transformation

Investing in technology to create a better member experience, support corporate client digital transformation, build resilience and drive efficiency and profitability by:

Creating a superb member experience

- Improved member onboarding experience using an interactive e-CRM[1] and video guides
- Introduction of live chat functionality to the Ten Platform improves member interactions
- Improved search capability on the Ten Platform via geo-tree functionality and improved filters
- Greater range of hotels (now over 200,000) improves choice and value for members on the member-facing digital platform

Building resilience

- Micro-service[2] APIs[3] developed for flights, cars and hotels, with remaining categories to follow. This improves speed of development and externalised APIs can be integrated into client's own ecosystems
- Modernised infrastructure with stronger regional data centre capabilities and improved global communications, delivering better call quality and system resilience
- Improved compliance and security capabilities, securing SOC Type 2[4] certification for the first time
- Accessibility improvements to member experience in line with relevant guidelines – important for major global brands

Driving efficiency and profitability

- Improved e-learning and training for Lifestyle Managers and their managers
- Improved search functionality improves Lifestyle Manager efficiency and member experience
- Improved Dining module on the TenMAID[5] CRM system used by Lifestyle Managers improves both speed and member outcome
- New translation management system to increase efficiency

Chief Executive's Statement

OUR OBJECTIVE IS TO BECOME THE WORLD'S MOST TRUSTED SERVICE

Alex Cheatle
Group Chief Executive Officer and Co-Founder

Introduction

Ten is delivering on our vision to become the world's most trusted service. We aim to offer the very best personalised experiences for our members across their travel, dining, entertainment and retail needs. As more members discover our services, and as more corporate clients choose to provide our services to their wealthy and mass affluent customers, we expect to become a major, highly differentiated challenger in the huge vertical markets of travel, event tickets, premium dining and luxury retail. You can read more about our analysis of these markets on page 9.

In those large, multi-billion-dollar-value markets we believe we can deliver better service to our members than the existing service providers for four main reasons:

1. We provide a "one stop shop" service that is personalised to the individual, is global and is joined up across the different categories that we offer – which are best experienced when organised together;
2. Over 85% of our Net Revenue comes from service or subscription fees. This is explained in more detail as part of our Business Model on pages 10 and 11. In contrast, almost all other providers (e.g. travel agents or ticket portals) rely on making commissions or mark-ups. This allows us to provide market-leading value for our members, differentiated benefits and better access to our members because we are not obliged to maximise commission at the expense of building a trusted service;
3. We offer our members a rare and valued choice to access our service either via our digital Ten Platform or by contacting our "expert human" Lifestyle Managers; and
4. We offer our suppliers access to high-value customers – because our members are typically mass affluent or High-Net-Worth Individuals (HNWIs)[1] and because we can fit the members to the best supplier for their needs (e.g. a specific hotel, restaurant, concert venue or retailer). Our large and growing "closed user group" of high-spending members is powerful. Note that in many of our markets (e.g. luxury hotels, airlines and premium dining), the world's "top 1%" accounts for a high proportion of the total market value; this is not a niche market.

In our second annual report as a listed business, we can report another year of progress towards our ambitions, with strong and improving service levels, Net Revenue growth at 23% and continued development of our digital technologies that help drive current and future increases in service levels, revenues and margin. We believe this investment into technology increased our competitive advantage against direct competitors (other concierge type companies) and also indirect competitors (i.e. those travel agents, ticket resellers, booking sites, etc. that we expect to increasingly displace due to our superior offering).

Net Revenue grew in line with our expectations. Other major financial metrics – notably cash and Adjusted EBITA – have been achieved at better levels than the Board anticipated at the start of the year.

How did we do in 2019?

1. We improved service quality, again

This underpins our success and the virtuous circle at the heart of our business model. The higher our service levels, the more our members trust and use our service, the more they advocate our service and justify our corporate partners spending more with us – and encourage new corporate partners and new suppliers to want to work with us. This growth allows us to improve service levels, which in turn drives growth – a virtuous circle. You can read more about the Group's Virtuous Circle on page 10.

We are delighted to have achieved record member satisfaction levels, measured by Net Promoter Score (NPS). We have had positive client feedback on our service on both existing programmes and new launches. We believe this grows our reputation and credibility in the market. We have included an overview of Member Experience Culture At Ten on page 8 of this report.

2. Our digital platform continues to lead the market globally

Ten's proprietary digital platform is now live in all three global regions, in 15 languages and 38 currencies. It is the only multi-category transactional lifestyle and travel platform, backed by expert Lifestyle Managers, available to our corporate partners and prospects. Some corporate partners require global support, which we offer, and most new contract tenders mandate a strong digital platform, which we also offer, as part of their desired specification.

The digital platform helps us win contracts and it also helps us scale the delivery of the services we then provide – both in terms of efficiency and service levels.

We expect to continue to invest in technology in the coming years – this is not a "one-off" investment but is at the core of our long-term strategy and operations.

We have included an overview of our Digital Transformation, to date, on page 5.

3. Our service is becoming more efficient in multiple global markets

Despite our Net Revenue growing at 23% in the year, average employee numbers (full-time equivalent (FTE)) rose by only 9%.

This is because we have seen efficiency improvements to our service in maturing markets.

In the Americas, we achieved greater scale in Spanish, Portuguese and French Canadian as well as in English-speaking teams. Net Revenue grew by 38%, whilst there was a small reduction in regional employee numbers, demonstrating increased efficiencies, whist continuing to improve NPS. We expect continued efficiency gains in 2020, although, in the first half of the year we will incur one-off set-up costs related to an Extra Large contract expansion.

In APAC, we have started to benefit from scale in the key HNWI centres of Hong Kong and Singapore, as well as in Japan. The loss of a Large Contract in mainland China (as reported in the year) was partially offset by winning new contracts with two of the largest Chinese banks (ICBC and China Merchants Bank), although those wins do not yet compensate for the contract loss in either Net Revenue terms or profitability terms.

EMEA includes our most mature markets and we have also seen growth into new geographies. Our largest EMEA markets (the UK and Switzerland) have seen improved service levels, as measured by NPS. Those markets have also seen growth in efficiency, although Adjusted EBITA has reduced as we continue to invest into central support infrastructure and technology to underpin growth. We expect to deliver continued efficiency gains in our major markets and we may also open in new markets, which will be less efficient as those markets establish mature "Lifestyle Manager" operations and a strong, local market, integrated supplier base. However, we have the most widely spoken European languages already operating at a full 24/7/365 servicing level.

Globally, most of the growth in 2020 is expected to come from geographical markets where we already have an established presence, allowing us to grow more efficiently.

In terms of sectors, we have grown and won contracts in our largest existing verticals of private banking, retail banking and credit cards. We have also won new contracts in the new "vertical" sectors of fintech, TMT and employee loyalty.

4. New hires have strengthened the leadership team and the operational and technology teams

Across the Group, headcount has increased at a slower rate than the increase in Net Revenue as efficiencies have been delivered in the year. We have also maintained, but not needed to increase, the number of people on the Board or Senior Leadership Team.

We have benefited too from a Board that includes three Non-Executive Directors, including our Chairman. I have very much appreciated their experience and guidance this year.

Post Balance Sheet Date events

In October, the Group was pleased to announce it had won a competitive tender for the expansion of an existing contract to an Extra Large contract, the Company's largest single win to date. Additional set up costs of the expanded service are expected to be limited to the first half of 2020 and the Board anticipates the new contract to itself generate positive cashflow and profitability from the second half of 2020.

Since the end of the year, we have also launched our service with Revolut Metal card and we expect to launch with the TMT brand towards the end of H1 2020. As reported in the year, both contracts are expected to be Large contracts in annualised terms.

Contracts by size	Signed as at 25 November 2019	Launched by 31 August 2019
Extra Large	3	2
Large	6	5
Medium	17	17
Total	26	24

Summary

We believe our competitive position is stronger than ever, driven by our enhanced proprietary technology platform, our market-leading service levels, our integrated global infrastructure and the strength of our management and operational teams. We have won multiple contracts in the last year and are targeting more contracts wins in 2020.

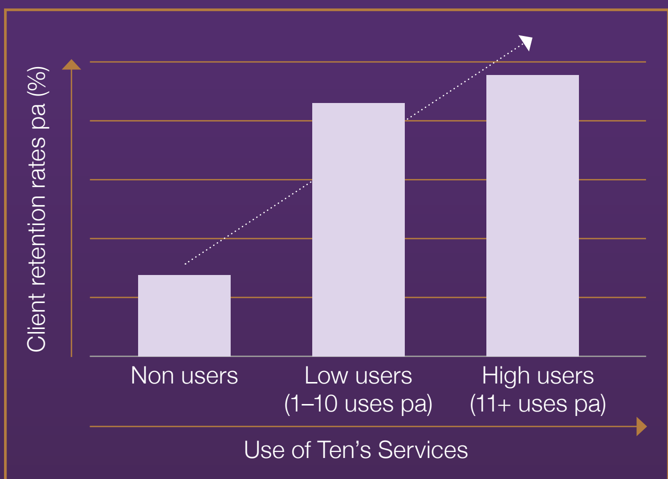
Corporate partners commercially benefit from Ten's services

Other commercial metrics can also improve with use of Ten's services, including:

> Advocacy and retention can increase

> Assets under management (AuM) can increase

> Spend on related cards can increase



Chief Executive's Statement continued

Summary continued

Continued improvements in service levels increase engagement and repeat use justify higher levels of investment from our corporate partners. We have demonstrated that increasing scale drives improved service levels as well as the efficiency which drives profitability, helping us progress towards our objective of becoming the most trusted service in the world.

2019 has been a year of continued investment, with evidence that the investment is improving both revenues and profitability. We enter 2020 with an even stronger capability to meet the needs of our members and global corporate clients.

I would like to extend my respect and heartfelt gratitude to the almost 850 Ten team members worldwide, for their hard work and very effective contribution this year. They are rightly proud of their accomplishments.

Outlook

The Board is confident that the Group is in a good position to meet its strategic growth objectives, underpinned by: its competitive position its differentiated proposition, as reflected in record member satisfaction ratings; and its market-leading technology. This is further supported by planned continued investment in the Ten digital platform for the foreseeable future.

Trading since the end of the year is in line with management's expectations and the Board is encouraged by the strong pipeline of opportunities.

Alex Cheatle
Group Chief Executive Officer
and Co-Founder
25 November 2019

Member experience culture at Ten

In 2019, we refreshed our product and service improvement strategy to continue to improve how members experience the Ten service.

These improvements helped improve NPS, increase engagement within and across categories and improve efficiencies and revenue growth.

We enhanced our value propositions across Dining, Entertainment, Offers and Events and Travel with a view of the member's overall experience rather than their isolated request, e.g. we offered a superb rate at the next door five-star hotel for our members visiting our suite or buying any other event tickets at the O2 venue in London and when a member books a holiday to New York via our travel team, not only do we help them to book their hotel, but we also make recommendations for restaurants and offer to book them through our Ten Held Tables programme.

We've made progress in how we engage our members across the full breadth of service by using data more effectively to find timely, proactive ways to inspire members and offer personalised and helpful service. In the year, we increased the number of proactive emails sent to members globally to 4.9m (2018: 3.4m) as well as improving the open rate of the emails to 44% (2018: 38%). The increase in volume is, in part, explained by new programme launches as well as our focus on gathering consents to marketing to increase our audience.

We have almost doubled the number of published articles compared with the previous year.

Some highlights by service category include:

Dining

> Expansion of our Ten Held Tables programme to over 600 of the very best restaurants worldwide

> We have launched a Chef Series, which has seen us film some of the world's greatest chefs about how they prioritise Ten members, including Michel Roux, Jason Atherton, Daniel Boulud, John Fraser and Monica Galeti. Our members enjoy these and it helps prove our 'insider' credentials

> Redesigned the Dining Club, our popular "by city" regular mailer, and launched into new cities

Travel

> Expansion of Ten's Global Hotel Collection - our portfolio of 2,200 five-star luxury, boutique and lifestyle hotels expanded to include 200+ Premium four-star Hotels, all of which offer advantageous rates and additional benefits for our members such as early check-in, room upgrades, complimentary breakfast and spa vouchers

> Creation of our Essential Collection, a portfolio of three and four-star hotels that provide great value through low rates and excellent global coverage

Offers and Events

> Expansion of our popular Ten hosted events beyond the UK to Hong Kong, Singapore, China and the UAE. Members enjoy our events which result in high NPS and a 90% attendance rate.

A HUGE GLOBAL MARKET

Ten's mission is to become the most trusted service in the world by becoming the best way to organise and book travel, entertainment, eating out and wider other lifestyle areas too, notably premium retail.

These are huge markets overall; the total global market sizes of Travel ($2.8tn)[1], Eating out ($2.4tn)[2], Live Entertainment ($2.1tn)[3] and High-end retail ($0.4tn)[4] aggregate to a $7.7tn[5] total. In each of these areas, Ten has the opportunity to win a share of the sizeable addressable segments for our target group.

This higher customer group are a large and growing segment. In 2018 there were 22.4m high-net-worth individuals globally, with a combined net worth of $61.3tr[6].

This and the even larger "mass affluent" segment just below it are the demographics we are aiming to convert to using our services.

Our focus on this higher value end of the market helps us because it means we can add more value to our suppliers, and so win better benefits from them. This group also can justify higher levels of 'per capita' investment into our services from corporate clients.

Travel

Strategy

- We offer both expert "high-touch" support and a digital platform
- We use our buying power to negotiate great benefits across all key aspects of travel
- Over 85% of Net Revenue is service or subscription fee income, unlike the travel industry norm. This allows us to offer better value

Progress

- We became the first company of our kind to offer a transactional digital platform across flights, hotels and car hire
- We have extended the number of hotels that offer additional benefits (e.g. complimentary breakfast or free room upgrade) for our members from 1,800 to 2,400
- We are aiming for a value proposition which typically matches our offers "same price or better value" as compared to popular Online Travel Agents (OTA)

Eating out

Strategy

- We offer the best access to premium restaurants
- We offer the best recommendations for eating out globally
- We offer a choice of online bookings or expert Lifestyle Manager support

Progress

- We have over 600 of the world's top restaurants in more than 25 cities who provide us with guaranteed tables at peak times ("Ten's Held Tables")
- We have our own curated and searchable reviews of c.9,000 of the world's top restaurants with priority access (and often benefits too) at over 70% of them
- Requests can be managed on our digital platform or with our dining experts 24/7

Live entertainment

Strategy

- We are able to secure face-value tickets for our members to the live events they want
- We offer digital and expert support

Progress

- Improved success rate for securing general sale face-value tickets for our members in our core ticket markets
- Requests can be managed on our digital platform or with our live event experts 24/7

High-end retail

Strategy

- We offer benefits to buy desirable items
- We offer retail events to our members that they value

Progress

- Ten hosted over 100 events run globally this year
- Over 250 offers currently hosted on our enhanced digital platform
- 148 complementary events organised in the period (2018: 106)

References:

1 Source: World Travel & Tourism Council: Travel & Tourism Benchmarking Reports 2019 – June 2019.

2 Adam Wermer et al., Alix Partners, LLP (2016) Alix Partners. Global Restaurant Outlook: Feeding the global consumer. Available at http://www.alixpartners.com/insights-impact/insights/global-restaurant-outlook-feeding-the-global-consumer/ (Accessed: 13 November 2019).

3 PwC (2019), Global Entertainment & Media Outlook 2019 – 2023. Available at: http://www.pwc.com/gx/en/industries/tmt/media/outlook.html (Accessed: 13 November 2019).

4 HKExnews, Frost & Sullivan (2018), Global Retail Market Size from 2011 to 2021, January 2018.

5 The total market size is an estimation based on market reports for our key categories.

6 White & Shaban, Wealth-X PTE. Ltd (2019) High Net Worth Handbook 2019. Available at: https://www.wealthx.com/report/world-ultra-wealth-report-2019/ (Accessed: 13 November 2019).

Business Model

Ten partners most often with blue-chip corporate clients across a range of markets to deliver technology-enabled travel and lifestyle services, to their most valuable customers.

Our world view

We continue to believe that for individuals and their families to thrive, they want to be supported by people, technologies and services that they can trust to have their best interests at heart and deliver to their individual needs. It is Ten's ambition to become the most trusted service in the world by continuing to meet people's needs better than any other service provider – notably in travel, eating out, entertainment, and selected retail markets.

1. Technology driven

Our continued digital transformation (further detailed on page 5) enables us to personalise the service to the member's currency, location and individual needs as well as offering the member a choice of communication channels. Eligible members can call a Lifestyle Manager 24/7/365 to enjoy a "high-touch" concierge service, "self-serve" by completing a transaction online or live chat on the Ten Platform for an enhanced online experience. This also drives service delivery efficiency.

2. Multi-category

To provide enough frequency of contact to become central to our members' lives, we support our members across multiple areas – notably eating out, all types of travel, entertainment, and selected retail markets. In these areas we can organise and negotiate better access, benefits and/or prices for our members than they can typically achieve on their own. By being multi-category, we can support on an entire area of need, e.g. "a weekend in Paris" rather than just siloed travel or entertainment or dining components. This multi-category approach also allows us to learn more about the individual members and tailor our service to their needs.

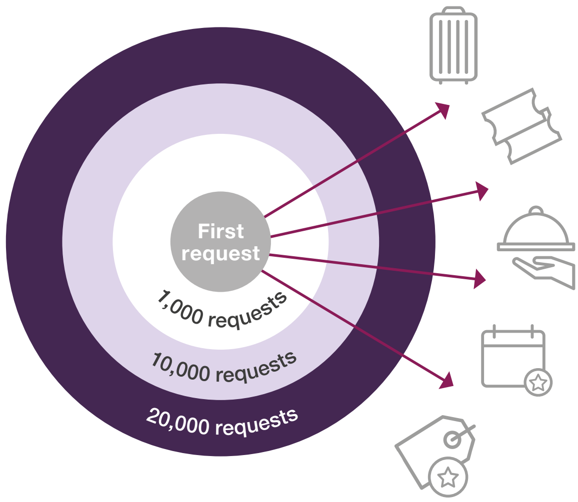
3. Members first

The commercial incentive in our business model is primarily designed to align us with our members, not to create value for our third-party suppliers. Our subscription, or service fee, revenue stream allows us to be on the members' side with no conflict of interest. Furthermore, not being reliant on commissions or mark-ups enables material differentiation both in terms of value and access.

4. Closed user group

Our members benefit from having access to an exclusive service closed to non-members (a closed user group). By having a closed group of wealthy or affluent people as our members, we can demand better service and benefits from our suppliers than if we were mass market.

Ten's virtuous circle, driving both service quality and efficiency in each geography



1. Technology investment drives both "high-touch" efficiency and speed and improves member digital experience
2. Lifestyle Manager efficiency and knowledge builds with request volume and experience
3. Scale and "time in market" improve access, integration and benefits/rates with suppliers
4. Central costs can reduce as a percentage of revenue

1 to 4 drive profitable growth in both service levels and efficiency, which allow the virtuous circle to repeat.

Revenue model

1 Subscription led

Ten's services are generally made available to members through Ten's corporate clients which pay for Ten's services on their individual customers' behalf. Most of Ten's corporate clients are financial services institutions which offer Ten's services as part of their benefits package, which are complementary to their products such as premium credit cards or premium banking or wealth management services.

By offering Ten's services, corporate clients expect to see resulting improvements to their customer metrics that drive their profitability, including customer retention, value, and advocacy. Ten's corporate clients include private banks, retail banks, premium payment card providers and luxury brands which offer Ten's services to segments of their premium customers.

Ten typically charges its corporate clients on a "per request" basis – whether high touch (which involves a Lifestyle Manager) or low touch (which is completely or largely fulfilled through the Ten Platform). A request is typically an instruction received from a member to research, advise or arrange something on their behalf. Requests principally relate to travel, dining, and live entertainment, but can extend to more general lifestyle and retail support services.

2 Service-related revenue

Other service-related, revenue-generating activities paid for by Ten's corporate clients include negotiating special offers or benefits with suppliers and creating bespoke editorial content.

Ten also earns revenue from its supplier base, such as hotels, airlines, and event promoters which sometimes pay commission to Ten. This constituted 12% of Net Revenue for the year. Ten does not typically negotiate higher levels of supplier commissions but instead focuses on negotiating the best member benefits to drive member satisfaction.

Examples of member benefits negotiated for specific corporate partners: our wealthy and mass affluent demographic allows us to negotiate far better services than we could negotiate for the general public, from the free loan of a premium brand car for a weekend, to a luxury brand shopper evening with champagne and canapés. Many suppliers – from hotel groups and airlines to entertainment venues and retailers – are willing to offer better prices and/or value-add benefits for our valuable customer segments.

3 Revenue from the Ten platform

The Ten Platform is an end-to-end fully transactional platform for concierge services and is Ten's digital interface with members. Members can use smartphones, desktop computers and tablets to access the Ten Platform on a self-serve basis. Members can choose from five core modules: Travel, Dining, Entertainment, Events, and Benefits. These modules feature content, Ten-procured inventory and – varying by market – API integrations with suppliers and providers (airlines in Travel, or ticketing providers in Entertainment, for example). The result is a data-rich, end-to-end transactional platform that mirrors the service level, access, and proposition of the Lifestyle Manager-led service.

Ten derives some revenues from developing, customising and integrating the Ten Platform for clients. We also have additional revenue from delivering and licensing our digital platform to corporate clients.

Profitability

There are two main profit drivers:

1 Improved use of technology

Technology allows us to deliver a better and more efficient service and also to sell more effectively to corporate clients because of the positive impact that it has on service levels and the cost of service delivery.

2 Improving maturity of our operations in markets

As we mature in each region, we have more experienced Lifestyle Managers and management and a more established supplier base. This improves efficiency of service delivery, driving margins.

We also benefit from an improved competitive position as our technology and service levels create more competitive advantage and add more value for our corporate partners. As we become larger and more mature, our service levels and efficiency improve. The first drives more use of the service by existing and new members and enables us to win and grow more corporate contracts. The second allows us to invest more into growth, or to leverage the reduced cost of service delivery to launch into new markets. The virtuous circle at the heart of our business is illustrated on page 10.

Alan Donald, our CFO, gives more detail on our financial performance in the Financial Review on page 14.

A STRATEGY FOR GROWTH

Our strategy focuses on four key areas: enabling the Company to deliver world-class member experience, investing in technology, expanding contracts with existing clients and developing our foothold in new markets by leveraging our market-leading service proposition.

1. IMPROVE MEMBER EXPERIENCE

Improving service levels means that members increasingly benefit from the service, helping to drive corporate partner investment from new and existing clients as we deliver improvements to their customers' value metrics.

Our aim

In the year, we aimed to deliver improved digital service levels by improving the look, feel, speed and usability of the digital platform. We also aim to improve "high-touch" service levels from our Lifestyle Managers through a more experienced employee group and better training and management as well as improving the depth and breadth of both the content and the supplier base used both on the digital platform and by Lifestyle Managers.

Progress in the year

We enjoyed record Net Promoter Scores (NPS) in the year. Service levels, measured by NPS, have improved again in each of the global regions in 2019 (EMEA, the Americas and APAC). We measure this primarily by gathering NPS in each region. We also measure against our own internal quality assurance standards and use a basket of other measures to build an in-depth understanding of the drivers of member satisfaction. These include response times, tone of voice, the level of personalisation on a request and the relevant success criteria on different types of request (e.g. Were we able to buy face-value tickets for the popular show? Were we able to secure the desired table at the top restaurant? Did the member book the suggested hotel or flight through us?).

Where we have taken over concierge servicing from an incumbent competitor during the year, each of our corporate clients of the Medium or Large new contract launches have told us that they believe that we had improved on the service levels of the previous providers.

We consider both our high-touch and digitally delivered services to be increasingly well engineered.

Looking ahead

We believe that we deliver improved high-touch service levels though a mixture of ingredients that include well-developed hiring and training programmes, strong and positive performance management, improving technology and systems, improving leverage with our supplier base, a greater depth and range of pre-prepared content, faster response times and a focus on retaining a service culture.

2. CONTINUE TO INVEST INTO TECHNOLOGY

This improves efficiency and service quality, driving operational profitability, and providing a clear and demonstrable point of differentiation for Ten.

Our aim

We aim to use technology to help our members' experience, our efficiency and also deliver differentiation and commercial impact for our corporate clients.

Progress in the year

Over the year we continued to roll out and promote our enhanced digital, member-facing platform, and we also improved the TenMAID technology used by our Lifestyle Managers. The enhanced platform is improving each quarter with better user experience (UX) user interface (UI) as well as enhanced features and assets. This investment continues to be significant, developing our platform and TenMAID and associated editorial and content.

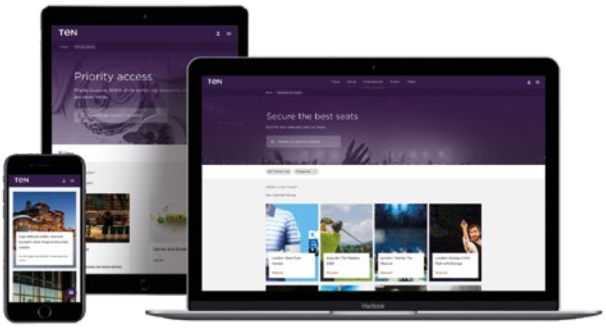
The Ten Platform is now live with 14 client brands, customised to 29 countries and live for members in a further 77 countries globally, supporting 38 currencies and 15 languages.

We are pleased that we retained our PCI DSS Level 1 accreditation during the year and, for the first time, achieved SOC Type 2 certification, which provides comfort to our corporate clients around our data and payment security measures.

Read more about our Digital Transformation on page 5.

Looking ahead

We expect that the impact of this technology investment on efficiency and service quality will continue to be felt in 2020 and beyond.



3. EXPAND EXISTING CONTRACTS

Ten categorises its key corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services. This does not include the revenue generated from suppliers through the provision of concierge services. Since year end, we announced that one further contract is expected to grow to become our third Extra Large contract from early calendar year 2020. Ten's contract classifications are now: Extra Large contracts (over £5.0m), Large contracts (over £2.0m), Medium contracts (between £0.25m and £2.0m) and Small contracts (below £0.25m).

Our aim

We aim to grow existing contracts organically as our corporate clients appreciate the value that we add to their commercial metrics – notably our positive impact on retention, value and acquisition of their target clients. This is enabled by growing demand from a customer base as they discover the service and we benefit from new users and repeat use from satisfied users of the service.

Progress in the year

Ten partners with over 50 corporate partners across the Group. Extra Large, Large and Medium contracts represented 81% (2018: 79%) of its total Net Revenue.

We managed to grow our existing client portfolio by 13% during the year as we worked with our clients to deliver a stronger member engagement with our services.

Extra Large, Large and Medium contracts are typically of a multi-year duration of three years or more.

Looking ahead

Ten's Net Revenue growth in the year has largely been delivered by growth in existing clients as well as annualised impact of new clients won in 2018 predominantly within financial services. The contracts are currently focused on defined groups of their premium customers. As Ten demonstrates the commercial impact of its high service levels and continues to build out its technology, having these blue-chip contracts ensures the Group is well placed to grow its concierge services with these clients and via new clients, and continue to grow its Net Revenue.

4. DEVELOP NEW CONTRACT OPPORTUNITIES

Our aim

We aimed to widen the Group's reach on top of the organic growth of our existing, largely financial services clients which are predominantly in the premium payment card space and retail and private banks.

Progress in the year

In the year, we won new contracts in our financial services markets and won our first fintech contract with the Revolut Metal card, which we started to service in October 2019. This allows Revolut to create revenue and profit by benefiting from a premium offering.

Outside of financial services, we have won a TMT contract that we expect to launch in early 2020 to enable a TMT consumer brand to improve retention and create revenue and profit by benefiting from a premium offering.

We also have explored the employee loyalty market and believe leading employers are interested in providing lifestyle management support to their valued employees to save time and increase staff productivity, retention, and morale.

Ten has a small private membership base. Historically private membership has not been a focus for the Group. We did not turn on any marketing efforts in the reported year but we have prepared operationally to test limited marketing for this offering in 2020.

Looking ahead

We expect to develop new markets where corporates will benefit from improved customer metrics by providing the high service levels we offer, both via our digital platform and our Lifestyle Managers. We expect to test direct to consumer marketing in key markets, partly to test whether this can become an acquisition channel for our existing corporate clients – e.g. an individual discovers our private membership and then may decide to move their banking relationship to a client in order to benefit from complementary services. We will also learn more about how powerful our proposition might be in the TMT market and other new sectors.

CONTINUED INVESTMENT DELIVERS STRONG NET REVENUE GROWTH

Alan Donald
Chief Financial Officer

"Net Revenue increased by 23% compared to the previous year. Our continued investment in technology and people is delivering Net Revenue growth and positions the Group well for further growth in the future."

	2019 £m	2018 £m
Revenue	**49.1**	40.1
Net Revenue	**45.8**	37.4
Operating expenses and other income	**(50.1)**	(41.3)
Adjusted EBITA	**(4.3)**	(3.9)
Adjusted EBITA %	**(9.4%)**	(10.4%)
Amortisation	**(3.0)**	(2.8)
Share-based payments and exceptional Items charge	**(0.5)**	(1.3)
Operating loss before interest and tax	**(7.8)**	(8.0)
Net finance income/(expense)	**0.5**	(0.5)
Loss before taxation	**(7.3)**	(8.5)
Taxation	**(1.0)**	0.4
Loss for the year	**(8.3)**	(8.1)
Net cash at 31 August	**12.3**	20.7

Having joined the Group in June 2019, I am delighted for the first time to present a review of the Group's financial performance for the past year.

Revenue and Net Revenue

Net Revenue[1] for the twelve months to 31 August 2019 was £45.8m, up 23% compared to the prior year. Revenue for the twelve months to 31 August 2019 was £49.1m, up 22% on the twelve months to 31 August 2018. Net Revenue, which excludes the direct cost of sales relating to member transactions managed by the Group, is Ten's preferred measure of operating revenues as it excludes the cost of member transactions where we are the principal service provider (i.e cost of airline tickets sold under the Group's ATOL licences).

Contract movements

Net Revenue growth has been supported by a combination of annualised growth on new contracts won in 2018 of just over a third, in addition to growth in existing contracts, which accounts for just over half of the growth.

Contracts by size[2]	2019	2018	Change
Extra Large	**2**	—	+2
Large	**5**	6	-1
Medium	**17**	18	-1
	24	24	—

Net Revenue £m

£45.8m

2018: £37.4m
+23%

Adjusted EBITA margin

(9.4)%

2018: (10.4)%

1 Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.

The "contract bridge" table below sets out the movements in active contracts during the year, including the following:

> two existing contracts grew to be Extra Large;
> one Medium contract and one Large contract were won and both launched in the year, offsetting two losses;
> a Medium contract was consolidated into an existing Medium contract to reflect the provision of services; and
> we won a number of Small contracts that have the potential to grow into Medium contracts in the coming year.

Contracts bridge	Medium	Large	Extra Large	Total
At 31 August 2018	18	6	—	24
Movements[1]	—	-1	+2	+1
Won	+1	+1	—	+2
Lost	-1	-1	—	-2
Consolidated[2]	-1	—	—	-1
31 August 2019	**17**	**5**	**2**	**24**

1 Net movement of contracts between contract sizes.
2 Number of contracts consolidated with an existing contract.

Contracts signed but not launched

In addition to the active contracts detailed above, contracts with Revolut and with a TMT brand were signed but not launched during the year. As reported in the year, both contracts are expected to be Large contracts in annualised terms.

Contracts by region

The overall number of Medium, Large and Extra Large contracts are flat year on year and the table below splits out contracts by region.

Contract by region	2019	2018	change
EMEA	**8**	9	-1
Americas	**11**	10	+1
APAC	**4**	4	—
Global	**1**	1	—
	24	24	—

While there is a clear overlap between the geographic location of our clients and their members' requests, members use our concierge services across all the regions. Therefore, our segmental revenue reporting reflects our servicing location rather than the location of our corporate clients. This allows us to understand and track the efficiency and profitability of our operations around the world, so our segmental financial reporting is a more relevant measure on this basis.

Net Revenue	2019 £m	2018 £m	% change
EMEA	**20.5**	17.4	18%
Americas	**15.8**	11.4	38%
APAC	**9.5**	8.6	11%
	45.8	37.4	23%

EMEA Net Revenue increased by 18% with growth from our existing clients as well as the annualised impact of new contracts.

In the Americas, we have delivered 38% Net Revenue growth primarily due to the annualised impact of contract launches in 2018 and a new Large contract launched in the year together with growth in our existing client portfolio.

In APAC, we achieved 11% Net Revenue growth with a combination of new contracts and existing client growth despite the loss of a Large contract in the last quarter of the financial year.

Operating expenses and other income

The year to 31 August 2019 was a continued period of investment for the Group; operating expenses and other income increased from £41.3m in the same period in 2018 to £50.2m. Direct operational costs have increased at a lower level than Net Revenue as we deliver efficiencies across the business, with the majority of cost increases being further investment in IT development and infrastructure, together with editorial and content resource.

Adjusted EBITA margin

Whilst Adjusted EBITA is not a statutory measure, the Board believes it is necessary to include this as an additional metric as it is one of the main measures of performance used within the business and the principal profit measure for senior management. It reflects the underlying profitability of our business operations, excluding amortisation of historical investment in platform infrastructures, exceptional costs and share-based payment expense.

Adjusted EBITA, as reported, takes account of all costs in the Group, other than amortisation of £3.0m (2018: £2.8m), share-based payment expenses of £0.5m (2018: £0.9m) and exceptional costs of £nil (2018: £0.4m). On this basis, Adjusted EBITA was a loss of £4.3m (2018: £3.9m). This full year loss was split between the unaudited reported loss in H1 of £2.9m and a lower second half (unaudited) loss, totalling £1.4m.

2 Ten categorises its corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services by Ten as: Small contracts (below £0.25m); Medium contracts (between £0.25m and £2m); Large contracts (over £2m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services.

Financial Review continued

Adjusted EBITA margin continued

After allocating the indirect costs of the central IT, infrastructure, software development, property, senior management and other central costs, the Adjusted EBITA for each regional segment is as below:

Adjusted EBITA	2019 £m	2018 £m
EMEA	**1.9**	3.1
Americas	**(4.7)**	(6.8)
APAC	**(1.5)**	(0.2)
Total	**(4.3)**	(3.9)
Adjusted EBITA %	**(9.4)%**	(10.4)%

Adjusted EBITA margin in EMEA, defined as our Adjusted EBITA as a percentage of Net Revenue, has declined during the year.

Whilst operational efficiencies have been delivered in the year, the overall margin has declined from 18% to 9% due to the allocation of increased expenditure of content, technology, infrastructure and other central costs to support our future growth.

The Americas region Adjusted EBITA loss has improved by £2.1m compared to last year. Increased Net Revenue has contributed to this improvement as we leverage large investments in the previous two years. We now have market capability and infrastructure to support future growth and we will continue to leverage our scale as we move towards maturity and profitability over time.

The APAC region Adjusted EBITA loss has increased in the year by £1.3m. Operational efficiencies were impacted by the loss of a Large contract towards the end of the year as we made the decision to retain resources to support future growth. In addition, the allocation of increased investment spend as detailed above has further increased the loss.

Amortisation

Amortisation costs, relating to our internal platform (TenMAID) and our customer-facing platforms, were £3.0m in 2019 (2018: £2.8m) reflecting our continued investment in technology that drives service levels, efficiency and competitive advantage.

Net finance income/(expense)

Net finance income in the year was £0.5m (2018: expense of £0.5m); the income of £0.5m has been driven by the translation of balances denominated in foreign currencies in the year.

Exceptional costs and share-based payments charge

The share-based payments charge in the year was £0.5m (2018: £0.9m) which reflected grants made under management incentive plans established after listing on AIM (see note 25 to the accounts). Exceptional costs were £nil (2018: £0.4m).

Group cash flow

	2019 £m	2018 £m
Loss before tax	**(7.3)**	(8.5)
Net finance income	**–**	0.5
Net working capital inflow	**0.7**	0.5
Non-cash items (share-based payments, depreciation and amortisation charges)	**4.5**	4.4
Cash used by operations	**(2.1)**	(3.1)
Capital expenditure	**(1.2)**	(1.5)
Investment in intangibles	**(4.3)**	(4.3)
Tax (paid/received)	**(0.5)**	0.4
Cash outflow	**(8.1)**	(8.5)
Financing activities		
Equity from listing on the AIM	**–**	25.1
Other equity issued in the period	**(0.1)**	0.3
Movement in shareholder loans	**–**	(3.9)
Repayment of finance leases and interest paid	**(0.1)**	(0.2)
Cash from financing activities	**(0.2)**	21.3
(Decrease)/increase in cash	**(8.3)**	12.8
Cash balance	**12.3**	20.7

Loss before tax

The loss before tax decreased from £8.5m in 2018 to £7.3m.

Taxation

The taxation charge for the year was £1.0m (2018: credit of £0.4m) which related to tax liabilities and payments due in profitable overseas entities. In the previous financial year, the taxation charge was net of R&D tax credits (£0.75m) received in the year under the small or medium-sized enterprise (SME) R&D tax relief scheme and therefore was in a credit position. The Group now claims R&D tax relief under the R&D expenditure credit (RDEC) scheme in which there is a credit to the Other Income line in the profit and loss account.

Loss per share

The total comprehensive loss for the year was £8.3m (2018: £8.1m), resulting in a loss per share (excluding treasury shares) of 10.3p (2018: 11.1p). The Board does not recommend the payment of a dividend.

Operating cash outflows were £2.1m (2018: £3.1m), primarily reflecting the operating loss previously noted. Expenditure on our IT infrastructure and the digital platform (£5.5m), which are capitalised, contributed to the overall cash outflow of £8.3m. Cash reduction in H1 was £7.5m (unaudited) and this improved significantly in the second half of the year with a reduction of £0.8m (unaudited).

Group balance sheet

	2019 £m	2018 £m
Intangible assets	**9.0**	7.7
Property, plant and equipment	**1.8**	1.7
Cash	**12.3**	20.7
Other current assets	**11.1**	9.1
Total current liabilities	**(13.3)**	(10.5)
Net assets	**20.9**	28.7
Share capital/share premium	**28.6**	28.6
Reserves	**(7.7)**	0.1
Total equity	**20.9**	28.7

Net assets were £20.9m (2018: £28.7m), the reduction in the year is due to cash investments to support growth. The Group has no long-term borrowings.

In relation to the Company balance sheet, on 30 August the Company increased its investment in Ten Lifestyle Management Ltd subscribing for 39,404,317 shares for cash at £1 per share, satisfied by the release of debt by Ten Lifestyle Management Ltd to the Company of £39.4m. This transaction was completed to reduce the level of borrowings at the subsidiary level, which will assist with supplier arrangements and licence renewals.

Alan Donald
Chief Financial Officer
25 November 2019

Alan Donald
Chief Financial Officer

Q&A WITH ALAN DONALD

Welcome to Ten – why did you decide to join the Group?

The most compelling reason for me joining the Group was the opportunity to be part of a business that is growing, entrepreneurial in its outlook, investing in technology and one that puts the member at the heart of everything it does. I was also impressed that the Group has been in existence for 21 years and by the wealth of experience and knowledge held by its people. I believe this to be a crucial success factor as we move forward with our growth plans.

What are your first impressions?

My first impressions after nearly five months in the business are extremely positive. We have fantastic people across the business, from our Lifestyle Managers on the front line to our support functions including my own finance team. There is a strong ethos of doing what's right for the member and this comes through in our NPS scores. Record NPS scores across the Group are testament to the quality of service we are delivering and ultimately will drive profitability and cash generation.

What has been the biggest challenge since you took over the role of CFO in June?

Personally, the biggest challenge was coming into a finance function that totals around 20 people compared to my previous experience of running teams of 60–300+ globally. The advantage of a smaller team is that you are able to build more personal relationships with each member of the team, thereby developing a deeper understanding of both the challenges and opportunities within the finance function.

Where does the biggest opportunity lie?

I believe the biggest opportunity lies with our existing customer base, together with new business growth (both winning new clients and developing existing clients). We have a world-class client base and the opportunity to grow and innovate with them, continuing to deliver best-in-class service. Ten is able to offer services that not only leverage our travel capabilities, but also link to our dining and entertainment expertise in locations across the world.

What is going to drive future performance?

We need to continue to invest in our technology and our people to become the world's most trusted service. As we grow, we will be able to leverage economies of scale, operate more efficiently and deliver a service that is second to none.

How is technology impacting operations?

As we grow our business, technology will continue to be a key driver to improve our operational efficiency and our ability to scale up the business. Technology supports our interactions with members both from a high-touch and purely online perspective, giving them greater choice in the terms of the ways they are serviced by our Lifestyle Managers. Technology is also instrumental in allowing us to personalise our engagement with our members by better understanding their preferences and needs.

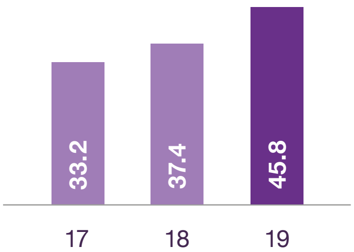
MEASURING OUR GROWTH

The Group monitors its performance using a number of financial performance indicators which are agreed at Board meetings and monitored at operational and Board level.

Net Revenue

£45.8m

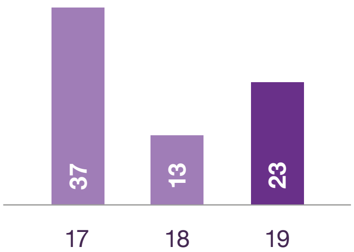
2018: £37.4m



Net Revenue growth

23%

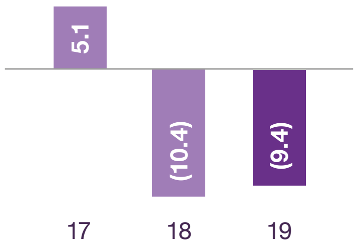
2018: 13%



Adjusted EBITA margin %

(9.4)%

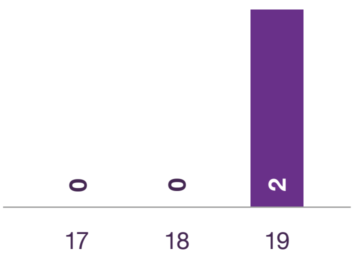
2018: (10.4)%



Number of Extra Large contracts[1]

2

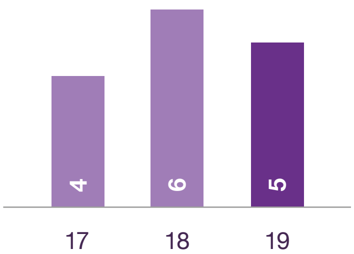
2018: 0



Number of Large contracts

5

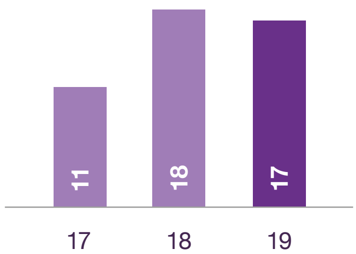
2018: 6



Number of Medium contracts

17

2018: 18



1 Ten categorises its corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services by Ten as: Small contracts (below £0.25m); Medium contracts (between £0.25m and £2m); Large contracts (over £2m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services.

Principal Risks and Uncertainties

The Board considers the risks set out below to be the principal risks to the Group's business. The risks facing the Group are monitored and mitigated using a risk management and internal control framework, as further described on page 27 of the Corporate Governance Statement and page 30 of the Audit and Risk Committee Report. The Board recognises that the nature and scope of risks can change and there may be other risks to which the Group is exposed so the list is not intended to be exhaustive.

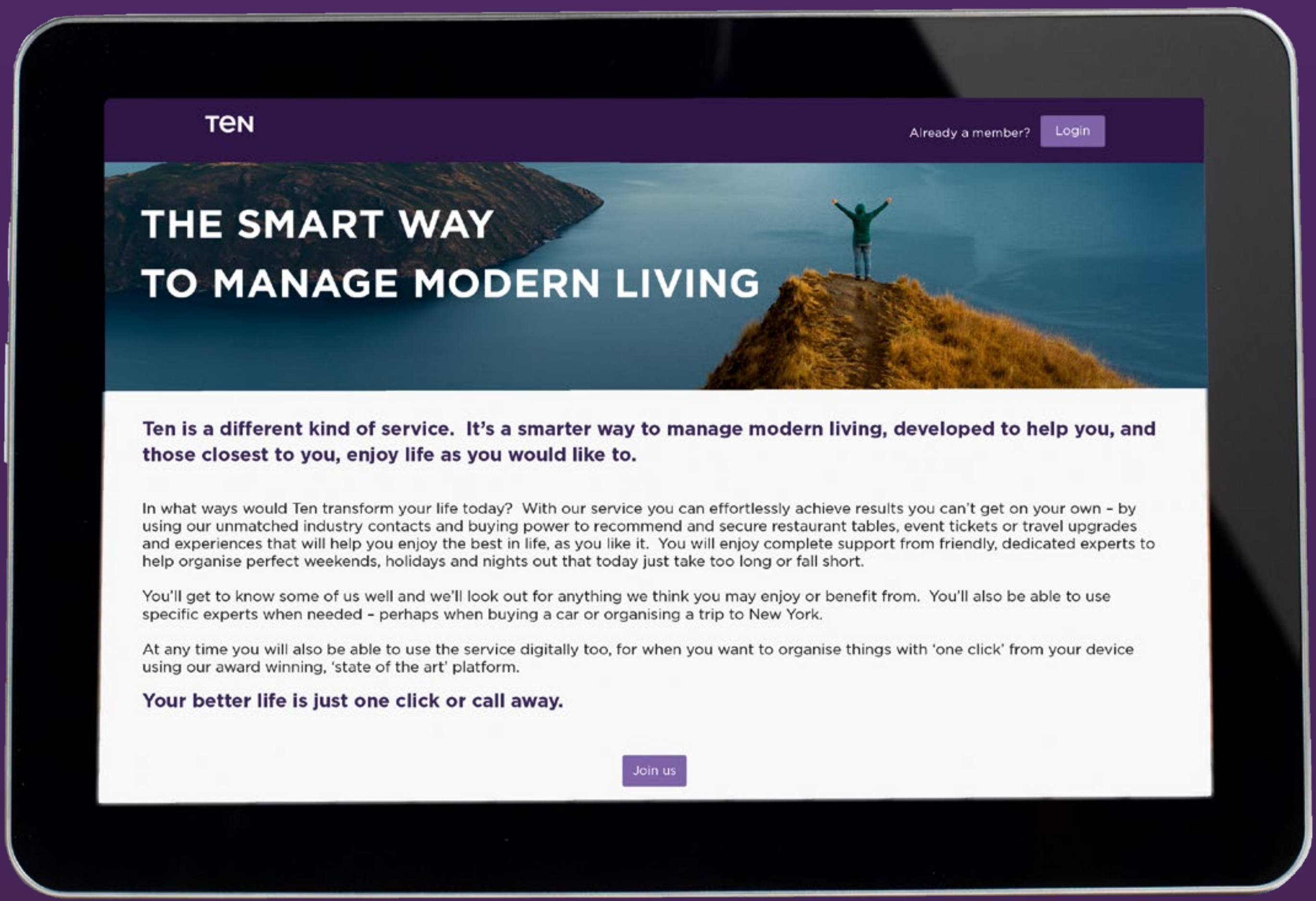
	Risk and potential impacts	Mitigation	Change from FY 2018 and more information
OPERATIONAL			
Loss of key clients	The loss or downsizing of one or more Medium, Large or Extra Large contracts, for any reason, without the ability to mitigate the loss by entering into a similar contract, would impact the cash generation and revenue growth expected to deliver the Group's strategic plan.	The Group's client services team works with key client contacts on an almost daily basis and delivers data-driven reporting to illustrate the value of the Group's services to the client's business. Relationships are monitored and reinforced through periodic engagement with the client's leadership teams. Most corporate contracts are stable or growing and are renewed on a multi-year basis.	No change Read more about how we expand existing contracts and develop new contract opportunities on page 13.
International expansion and impact of Brexit	The Group continues to expand in existing geographies and move into new markets. Offices have been opened in Moscow and Oslo and the service has been launched in new countries and languages during the period. Expansion activities present new commercial and regulatory challenges. Failure to develop the right teams, deliver tailored services or comply with local requirements in new and growing markets may have adverse consequences on the Group's growth strategy as well as regulatory consequences. The vote by the United Kingdom (UK) to exit the European Union (EU), on 23 June 2016, and the formal process initiated by the UK government to withdraw from the EU, or Brexit, has created significant volatility in the global financial markets.	Since opening its first overseas office in 2006, Ten has developed a robust commercial and compliance process for planning and implementing expansion plans, which are reviewed and approved in advance by the Board. The business hires experienced personnel in new markets, with clear reporting lines and support from experienced senior management. The Group continues to evaluate the suitability of its panel of advisers engaged locally to navigate national regulatory requirements alongside internal specialists. Directors currently deem the effects of the UK's withdrawal process from the EU will not have a significant impact on the Company's operations due to the nature of its operations and that a proportion of the business is outside the UK and EU. However, the Board and Senior Leadership Team are constantly monitoring the situation.	No change Details of the locations of our global offices are set out on page 2 and our global markets on page 9.
Supplier relationships	The Group engages suppliers to support central business services, including: office space; IT infrastructure; technology platforms; payment services; and telephony, as well as a wide range of third-party suppliers of goods and/or services, including providers of: travel; tickets; dining; and retail. Underperforming suppliers without the availability of suitable replacements may result in loss of functionality and service levels.	The Group maintains robust commercial and contractual relations with all critical suppliers and the business is clear on which alternative suppliers there are in the market should a change be required. The Group's tested recovery protocol also plans for the loss of key suppliers on the Group's infrastructure. Initial and regular due diligence checks are conducted on key suppliers to test their creditworthiness as well as contract and regulatory compliance.	No change Details of our service-related revenue and supplier relationship strategy are set out on page 11.

	Risk and potential impacts	Mitigation	Change from FY 2018 and more information
TECHNOLOGY			
Technological underperformance, failure or interruption	Material underperformance of the Ten Platform, TenMAID or the Group's telephony infrastructure could result in contractual risk, delayed launches and member dissatisfaction. Depending on the cause and/or severity of the incident, the Group's reputation and ability to win new business may be harmed.	The Group continues to make significant investments into technology upgrades of the Group's technology hardware and cloud-based infrastructure, including the Ten Platform and TenMAID. The Group's digital roadmap plans for the development of innovative features while maintaining a resilient architecture. Robust back-up and recovery processes and procedures are in place to minimise any disruption to services.	No change Find out more about our Digital Transformation on page 5.
Cyber security and service disruptions	Delivering the Group's service proposition leverages significant online technology, exposing the business to a variety of cyber threats including denial of service attacks, hacking or malware that may result in compromise of the availability, confidentiality or integrity of member data. A failure to manage and mitigate cyber-related incidents affecting infrastructure and websites may lead to unavailability of services and access to or compromise of data, which could have reputational, financial and regulatory consequences. Loss of security certifications would result in contractual risk.	The Group continues to invest in what the Board believes to be 'best in class' security software and processes. The Group is Payment Card Industry Data Security Standard Level 1 (PCI DSS) certified. During the period, the Group has also been successfully certified as SOC Type 2 compliant. PCI DSS and SOC Type 2 audits are conducted by independent external auditors each year and augment the other checks that are run by the Group and by our other corporate clients.	Reduced by securing SOC Type 2 compliance Find out more about our Digital Transformation on page 5.
MACROECONOMIC/MARKET			
Competitor risk	The Group operates in a highly competitive market with the potential for emerging new technologies and service innovations. The Group is also subject to competitive pricing models which have the potential to adversely affect the Group's business, operations and financial condition.	The Directors believe that the Ten Platform is the market-leading omnichannel concierge platform with end-to-end transaction capability. It has added to the Group's competitive advantage, supporting several competitive tender wins during the period. The Group will continue to invest in its proprietary technology and key third-party supplier relationships to maintain this competitive advantage. Price pressures can result in downward pressure on gross margins and the risk that the Group's propositions are not considered to represent value for money. The Group therefore monitors market prices on an ongoing basis.	No change Read about how our strategies strengthen our competitive advantage on pages 12 and 13.

This Strategic Report and information referred to herein was approved on behalf of the Board on 25 November 2019.

CORPORATE GOVERNANCE

CUSTOMER PROPOSITION



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Corporate Governance

A CULTURE TO DELIVER SUCCESS

The Company was admitted to the London Stock Exchange's (LSE) AIM market for smaller growing companies in November 2017.

Bruce Weatherill
Chairman

Introduction from the Chairman

The Directors recognise the value and importance of robust corporate governance. Since joining the Board prior to its IPO in November 2017, it has been a focus of mine to lead the Board in formulating and implementing its approach to governance, which is summarised in this section of the report.

Last year, the Company adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code"). The Board believes that it complies with all of the principles of the QCA Code through its governance practices which ensure that the Company has the right people, strategy and culture to deliver the Company's strategies for success in the medium to long term.

This is described in more detail on page 28.

Bruce Weatherill
Chairman
25 November 2019

Board meetings held during FY19

13

2018: 14

Board composition by gender
% of women

28.6%

2018: 28.6%

Time since admission to AIM
number of years

2

2018: 1

Board of Directors

Bruce Weatherill
Independent Non-Executive Chairman

Career
Bruce Weatherill joined Ten as Non-Executive Chairman in October 2017. Bruce has over 40 years' experience in the global financial services industry, providing a range of audit and consulting services to global financial service companies. Until 2008, Bruce was a partner at PwC in charge of a number of Asset Management and Wealth Management clients. During his time at PwC, Bruce was global leader of PwC's Private Banking and Wealth Management practice. Since leaving PwC, Bruce set up Weatherill Consulting and provides consulting services to Wealth Management Companies around the world. Bruce was until 30 June 2019 a Non-Executive Director of Fidelity Holdings (UK) Limited and Chairman of its Audit and Risk Committee. He is Non-Executive Director of ComPeer Limited and The All England Lawn Tennis Club and a Committee member. He is Chairman of JDX Consulting, ClearView Financial Media (WealthBriefing) and the Wisdom Council. He has previously served as Deputy Chairman of the Chartered Institute of Securities and Investments Wealth Management Focus Group and regularly chairs Wealth Management conferences around the world.

Bruce was appointed Chairman in October 2017, bringing over 40 years' experience in the global financial services industry with relevant leadership, financial control and commercial expertise as well as proven history at board level.

Alex Cheatle
CEO (Group) and Co-Founder

Career
Alex Cheatle co-founded the business in 1998. Alex is responsible for the Group strategy to become the most trusted service in the world and the related focus to always be improving service levels. Prior to founding Ten, Alex was a marketing manager at Procter & Gamble. Alex has a degree in Philosophy, Politics and Economics from Oxford University. Alex is based in London.

The Chief Executive Officer is responsible for the management of the Company's business and for implementing the Company's strategy.

Andrew Long
Group COO, CEO (APAC) and Co-Founder

Career
Andrew Long is responsible for key client and account strategy, legal and compliance, programme management, global offers and events, global real estate and capital projects, including the development of the operational and technology infrastructure.

Prior to founding Ten, he ran a UK market-leading event production and management business. Andrew has been based in Singapore with particular leadership responsibilities in APAC since 2012.

Alan Donald
CFO

Career
Alan Donald has more than 30 years' experience working in insurance, healthcare, aviation, business travel and leisure sectors. Before joining Ten in June 2019, Alan was UK finance director at Thomas Cook for 9 months.

Previous to this, Alan was finance director of the Travel division of Saga Group plc, EMEA CFO at Carlson Wagonlit Travel and CFO at the Menzies Aviation part of the John Menzies Group. Alan also held senior finance positions at Willis Corroon, BUPA and Cigna Healthcare. Alan qualified as a Chartered Accountant with Deloitte Haskins & Sells.

Sarah Hornbuckle
Client Services Director

Career
Sarah Hornbuckle joined Ten in 2001. Sarah is responsible for the client services strategy, leading the team that develops long-term partnerships with Ten's corporate clients. Sarah has overseen the launch of all of the Company's major corporate programmes in EMEA, as well as many programmes globally.

Prior to joining Ten, Sarah was a senior brand manager at Unilever Bestfoods and Mars Confectionery for several years, responsible for launching new product lines and developing ATL and BTL advertising and marketing campaigns.

Julian Pancholi
Independent Non-Executive Director

Career
Julian ("Jules") Pancholi joined Ten in October 2017. Jules is an experienced technology and marketing services entrepreneur, which includes serving as a Non-Executive Director of Skyscanner Limited, the travel fare comparison website, until its sale to C TRIP for over £1.4bn in 2016. Jules is Managing Director of Nitro Digital Limited, an independent digital agency. His other ventures include Nixxie Limited (a US-focused advertising tech business), Estimo Technologies Limited (a B2B SaaS workflow solution), Nitro Property Limited (a syndicate-based property portfolio business) and a number of other ventures in Fintech and Healthtech.

Jules was appointed as Non-Executive Director in October 2017. Jules has relevant industrial experience in technology and marketing services and is a proven non-executive director.

Gillian Davies
Independent Non-Executive Director

Career
Gillian Davies is a Chartered Accountant who qualified with KPMG. Gillian has held a number of senior financial positions in both listed and private equity backed international companies, including Zeneca plc, Avecia Limited and Georgia Pacific. More recently, Gillian spent eleven years as group finance director of FTSE-listed 4imprint Group plc, during which time 4imprint Group plc was extensively restructured and delivered significant growth. Gillian is currently CFO of AIM-listed Harwood Wealth Management Group.

Gillian was appointed as Non-Executive Director in October 2017. She brings financial expertise as a Chartered Accountant and has substantial experience as a Group Finance Director of a FTSE-listed company.

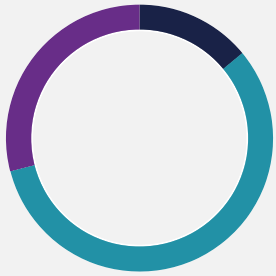
Board structure
Gender

Female ● ●

Male ● ● ● ● ●

Board composition

Non-Executive Chairman	1
Executive Directors	4
Non-Executive Directors	2



The Chairman is responsible for leading the Board effectively and overseeing the adoption, delivery and communication of the Company's corporate governance model. The Chairman makes sure that the Board's agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation.

Committee key

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Chairperson

Statement of Corporate Governance

Board changes

During the period ended 31 August 2019, there have been some important changes to the composition of the Board which we believe enhance the Board's effectiveness. Alan Donald joined the Board on 24 June 2019 as Chief Financial Officer (following Sean Hegarty's departure). Alan has over 30 years' experience in finance roles, and over a decade's experience in the travel industry. He joined us from Thomas Cook Group plc where he was Finance Director for its UK&I tour operating business. Alan has also held roles at Saga Group plc as Finance Director of its travel division, and Carlson Wagonlit Travel, a business travel management company, where he was Vice President and CFO of the EMEA region. Alan is a key addition to the executive management team and will help support and deliver the Group's strategy. You can read a Q&A with Alan on page 18.

On 11 February 2019, Keziah Watt, Head of Legal & Compliance, was appointed Company Secretary (replacing Sean Hegarty), allowing more focus in this area.

Induction and development

On joining the Board, new Directors receive a comprehensive formal induction, involving meetings with members of the Senior Management Team and external advisers. The Nomination Committee continues to review the skills and experience of the Board and Executive Directors to ensure that the right leadership is in place to enable the Group to deliver on its strategy.

The Directors receive regular updates in legal, regulatory and governance matters by the Company's Nomad, the Company Secretary, the independent external auditor and other external advisers to ensure the Directors' awareness and the Board's governance processes are up to date. The Company Secretary attends all Board meetings and has the responsibility of advising the Board on corporate governance matters and assisting with the flow of information to and from the Board.

Board operation

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The operation of the Board is documented in a formal schedule of matters reserved for its approval. To fulfil these duties, the Company holds Board meetings at least eight times each financial year and at other times as and when required. An annual agenda plan and business deep-dives from members of the Senior Leadership team ensure the Board is well informed at all times.

The Board consists of four Executive Directors, an independent Non-Executive Chairman and two independent Non-Executive Directors. The independent Non-Executive Chairman and the Non-Executive Directors are considered independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement. In accordance with the provisions of the QCA Code, the Board is comprised of at least two independent Non-Executive Directors.

The Board has established three Committees: the Audit and Risk Committee (formerly the Audit Committee), the Remuneration Committee and the Nomination Committee, each having written terms of reference, which are available on the Company's website (www.tenlifestylegroup.com/investors). Reports by the Chairs of the three Committees are reported separately on pages 29 and 30 for the Audit and Risk Committee, pages 32 to 34 for the Remuneration Committee and page 31 for the Nomination Committee.

The Remuneration Committee is comprised of two independent Non-Executive Directors and the Audit and Risk Committee and Nomination Committee are chaired by independent Non-Executive Directors.

The Executive Directors are all employed full time by the Company, except Sarah Hornbuckle, who works four and a half days a week for the Company. The Non-Executive Directors have commitments outside the Company. These are summarised in the Board biographies on pages 24 and 25. All the Non-Executive Directors give the necessary time to thoroughly fulfil their responsibilities to the Company, which normally involves a time commitment of two to three days per month.

Board meetings

The Board met 13 times during the period. Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the period:

	Board	Audit and Risk	Remuneration	Nomination
Bruce Weatherill	13/13	4/4	N/A	3/3
Alex Cheatle	13/13	N/A	N/A	3/3
Andrew Long	11/13	N/A	N/A	N/A
Sean Hegarty	11/11	N/A	N/A	N/A
Alan Donald	2/2	N/A	N/A	N/A
Sarah Hornbuckle	11/13	N/A	N/A	N/A
Julian Pancholi	13/13	N/A	3/3	3/3
Gillian Davies	11/13	4/4	3/3	N/A

Relations with shareholders

The Group maintains communication with analysts and institutional shareholders through individual meetings with the CEO and CFO, particularly following publication of the Group's interim and annual results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are considered and questions answered.

The Group's strategy and general information about the Group are available on the Group's website (www.tenlifestylegroup.com/investors), including investor videos presented by the CEO. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the independent Non-Executive Chairman and Directors will attend meetings with investors and analysts as required.

Board effectiveness

The Board has undertaken an evaluation of its effectiveness. Input was obtained from every Board member on the following performance evaluation indicators:

> clear purpose and strong leadership by the Chairman;

> balance of skills, experience and independence;

> Directors that work as a team;

> understanding of the business and its strategy;

> information and engagement with shareholders and other stakeholders; and

> Board performance evaluation.

The Chairman also met with each Director to discuss Board and individual effectiveness during the period.

It was concluded that the Board operated effectively and that each of the Directors' respective skills complement each other and enhance the overall operation of the Board. The Board identified specific actions including increasing the frequency of invitations from the Board to members of the Senior Leadership Team to deep dive into certain areas of the business.

The Chairman will consider whether external advice or a third-party facilitator is needed to refresh the performance evaluation process next year.

Risk management and internal controls

The Board has ultimate responsibility for the Group's risk management and internal controls. To ensure sufficient time and attention is given to this function, it delegates the responsibility of monitoring the Group's risk and control management system framework to the Audit and Risk Committee. The Board then determines the appropriateness of the internal controls upon the Committee's recommendations.

The risk and control management system framework includes:

> close management of the day-to-day activities of the Group by the Executive Directors and the Senior Leadership Team;

> regular reviews of its risk register;

> a comprehensive annual budgeting process, which is approved by the Board;

> detailed monthly reporting of performance against budget; and

> central control over key areas such as capital expenditure authorisation and banking facilities.

The Executives and Senior Leadership Team are responsible for ensuring that the risk and control management system framework is implemented effectively within their respective business areas. This includes ensuring an effective risk culture is in place, with risk management embedded in the business.

Since the end of the period, the Board has delegated its responsibility to identify, assess and manage climate-related risk to the Audit and Risk Committee to ensure that more time is spent ensuring the Group is aware of and, as far as possible, mitigating climate risks and impacts.

The Group continues to review its system of internal control to ensure adherence to best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture but will keep this under review.

Annual General Meeting (AGM)

The Annual General Meeting of the Group will take place on 5 February 2020. Full details will be included in the Notice of Meeting which will be published on our website (www.tenlifestylegroup.com/investors).

Statement of Corporate Governance continued

The QCA Corporate Governance Code

The Board has adopted the QCA Code. Set out below is how the Board currently complies with the key principles set out in the Code.

Key principle	How we comply	More information
DELIVER GROWTH		
1. Establish a strategy and business model which promote long-term value for shareholders	The Board regularly reviews the Group's strategy and progress against delivering its objectives at the Board and strategy meetings.	Read about the Group's business model and strategy on pages 10 to 13 and how key risks are managed by the business on pages 20 and 21.
2. Seek to understand and meet shareholder needs and expectations	The Group's CEO and CFO regularly meet with investors, analysts and potential investors to understand how the Group's strategy and the Board's decisions impact on and are received by investors. The Annual General Meeting provides an opportunity for all shareholders to meet the Directors and raise any questions.	More details on relations with shareholders and our next AGM on page 27.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board considers how the Group's strategy and the Board's decisions impact on stakeholders as well as wider social and sustainability responsibilities, including measuring its performance annual employee survey, NPS results and regular business reviews. The Board believes that the quality of the Group's people is key to its continued success and is proud of its track record of developing its business leaders.	An overview of Member Experience Culture At Ten is on page 8 and details of our next AGM are on page 27.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board and the Audit and Risk Committee regularly review the principal risks to the Group's business, including the processes for monitoring and mitigating each risk, as managed by the Senior Leadership Team and embedded throughout the relevant business functions.	Read more about the Group's principal risks on pages 20 and 21 and how they are monitored by the Audit and Risk Committee on page 30.
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5. Maintain the Board as a well-functioning, balanced team led by the Chairman	Over the last two years sitting as the Board of an AIM-listed Company, the Board has developed and implemented practices to ensure meetings function well, management is rigorously challenged and ideas are developed.	An overview of the make-up of the Board is included on pages 24 and 25.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The adequacy of the Board's collective skills and experience is assessed as part of the annual Board effectiveness review and by the Nomination Committee when considering its recommendations to the Board for re-appointment and succession planning. Directors' individual development needs are discussed annually with the Chairman.	Read more about the Board effectiveness review on page 27 and the skills and experience of the Directors on pages 24 and 25.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Chairman leads the Board in an annual evaluation of the Board's effectiveness to identify areas for improvement and facilitate a plan of actions to address them. It requires each Director to complete a performance evaluation questionnaire based on the QCA's key principles and meets with the Chairman. Year-on-year improvements are then monitored by the Board.	Details of the Board effectiveness review including the performance evaluation indicators used are on page 27.
8. Promote a corporate culture that is based on ethical values and behaviours	The Group's values of being member focused, pioneering and trustworthy underpin the business' culture and are consistent with the Company's objectives and strategy. The Board promotes ethical values and behaviours through the decisions it makes. The Senior Leadership Team meets biannually to refocus on the Group's values and is held accountable for the actions of those reporting to it to ensure ethical values and behaviours are embedded in the business.	Details about our mission and values are published on our website at www.tenlifestylegroup.com/about.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	The Board reserves certain matters for its own consideration and delegates specialist duties to its Committees and/or members of the Senior Leadership Team to ensure it receives relevant, up-to-date information to allow it to make well-informed decisions on behalf of the business.	The Group's corporate governance structures and processes are summarised on page 26 under "Board operation".
BUILD TRUST		
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company communicates with shareholders through regular meetings with investors, analysts and potential investors, publishing information for investors on its website, including investor videos presented by the CEO. The Chairs of each of the Board's Committees report on their governance responsibilities and activities during the year on pages 29 to 34. The Executive Directors regularly communicate with the Group's employees and provide updates on the Group's strategy. The Group's values are continually reinforced by the Senior Leadership Team, based across the Group's global locations.	You can find more information on relations with shareholders and our next AGM on page 27. Relevant information can also be found on our website at www.tenlifestylegroup.com/investors.

Audit and Risk Committee Report

I am pleased to present the report on behalf of the Audit and Risk Committee for the period ended 31 August 2019.

Gillian Davies
Chairperson of the Audit and Risk Committee

The primary objective of the Committee is to assist the Board in reviewing the quality of internal and external systems of controls and risk management and for ensuring that the financial performance of the Group is properly reported.

The Committee reviews reports on the interim and annual accounts, financial announcements, the Group's accounting and financial control systems, changes to accounting policies, the extent of the non-audit services undertaken by the external auditor and the appointment of the external auditor.

The Committee is also responsible for monitoring the adequacy and effectiveness of the Group's risk management systems and advises the Board on the current risk exposures of the Group.

Members of the Committee

The Committee is composed of two independent Non-Executive Directors: me, Gillian Davies (as Chairperson), and Bruce Weatherill. I am a Chartered Accountant and have held a number of senior financial positions in both listed and private equity backed international companies. Bruce previously served as a partner at PwC and global leader of its banking and wealth management practice as well as chairing the Audit and Risk Committee of Fidelity Holdings (UK) until June 2019. It is the Board's view that we both have significant recent and relevant financial experience.

Alex Cheatle, Group CEO, and Alan Donald, CFO, together with other members of the finance team may attend Committee meetings by invitation. Prior to Alan's appointment in June 2019, Sean Hegarty, CFO, attended meetings by invitation. The Committee met four times during the period.

Business of the Committee

The main duties of the Committee are set out in its terms of reference, which are available on the Company's website (www.tenlifestylegroup.com/investors). The main items of business considered by the Committee during the period included:

> the review and approval of the 2019 audit plan and audit engagement letter;

> consideration of key audit matters and how they are addressed;

> the review of suitability of the external auditor;

> the review of the unaudited interim report and annual report (including the audited financial statements);

> consideration of the management representation letter;

> a going concern review;

> consideration of the principal judgemental accounting matters for the Group based on reports from executive management;

> the review of the risk management and internal control framework;

> the review of whistleblowing and anti-bribery arrangements; and

> meeting with the external auditor without management present.

Financial reporting

The Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates. The Committee reviews accounting papers prepared by management providing details on the main financial reporting judgements as well as assessments of the impact of potential new accounting standards. The Committee also reviews reports provided by the external auditor on the annual results which highlight any observations from the work they have undertaken.

Audit and Risk Committee Report continued

Financial reporting continued

The Group has applied IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". IFRS 15 has been applied from the earliest period presented (from 1 September 2017). IFRS 9 was adopted during the year. The Committee has reviewed the assessments of the treatment, impact and adoption of standards and which resulted in a material financial impact on the Group's results for the year ended 31 August 2019 under IFRS 9 (only) with no impact on previous periods.

Risk management and internal controls

As detailed on page 27 of the Corporate Governance Statement, the Group's risk management and internal control framework is monitored by the Committee. The framework is designed to manage the Group's risk appetite rather than eliminate the risk of failure to meet the Group's strategic objectives. The system can only provide reasonable and not absolute assurance against material misstatement or loss. During the period, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively. The principal risks facing the Group are set out in the section of this report on risk on pages 20 and 21.

External auditor

The Committee is responsible for reviewing the suitability of the external auditor, BDO, to ensure that auditor independence and objectivity are maintained. The Committee met with the external auditor without management present during the period. BDO was appointed auditor of the Group in 2017 and the Committee continues to be satisfied with its effectiveness.

The Committee is responsible for ensuring there is a suitable policy for ensuring that non-audit work undertaken by the auditor is reviewed to ensure it will not impact its independence and objectivity. The breakdown of fees between audit and non-audit services is provided in note 6 to the Group's financial statements. The non-audit fees for 2019 primarily relate to Group taxation compliance.

Taking into account the auditor's knowledge of the Group and its experience, the Committee has recommended to the Board that the auditor is re-appointed for the period ending 31 August 2020.

Whistleblowing

The Group has a whistleblowing policy which sets out the process by which any employee of the Group may, in confidence, report concerns about possible wrongdoings in financial reporting or other matters. The Committee is comfortable that the current policy is operating effectively.

Anti-bribery

The Group has an anti-bribery policy which applies to employees of the Group. It sets out the Group's zero-tolerance position on bribery and corruption as well as providing guidance on how to recognise and deal with bribery and corruption issues and the potential consequences. The Committee is satisfied that the current policy is operating effectively.

Gillian Davies
Chairperson of the
Audit and Risk Committee
25 November 2019

Nomination Committee Report

I am pleased to present the report on behalf of the Nomination Committee for the period ended 31 August 2019.

Bruce Weatherill
Chairman of the Nomination Committee

The primary role of the Committee is to ensure that robust procedures are in place for Board appointments and to ensure that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company required for the next stage in the Company's development. The Committee also makes recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly with regard to the benefits of diversity on the Board.

Members of the Committee

The Committee is composed of two independent Non-Executives: me Bruce Weatherill (as Chairman, unless the business under discussion includes the succession of this position), and Jules Pancholi, as well as an Executive: Alex Cheatle, Group CEO. The Committee met three times during the period. The main duties of the Committee are set out in its terms of reference, which are available on the Company's website (www.tenlifestylegroup.com/investors).

Appointments to the Board

The Committee considered the search process for a Chief Financial Officer to replace Sean Hegarty, who stepped down from the position during the period, including the final appointment to the Board of Alan Donald in June 2019, as further described on page 26 of the Corporate Governance Statement. In addition, the Committee considered the appointment of Keziah Watt as Company Secretary. Both appointments were designed to strengthen the effectiveness of the Board.

Other business of the Committee

The Committee also met during the period to consider succession planning for the Board, its Committees and other senior managers, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future. The Committee also reflected on the diversity of the Board and senior managers, recognised the progress the Group had made with regard to gender diversity and considered how it could achieve further inclusion. Taking into account the Listing in November 2017 and full consideration at that time, no further changes are recommended at this time.

Bruce Weatherill
Chairman of the Nomination Committee
25 November 2019

Remuneration Committee Report

I am pleased to present this Remuneration Committee Report for the period ended 31 August 2019.

Julian Pancholi
Chairman of the Remuneration Committee

The Committee's objective is to align the Group's remuneration policy with the Group's strategy, risk appetite and values and the long-term interests of all of its stakeholders. The Committee uses the remuneration policy to formulate recommendations to the Board on the individual remuneration packages of Executives and new appointments to the Board or Senior Leadership Team.

Members of the Committee

The Committee is composed of two independent Non-Executives: me, Jules Pancholi (as Chairman), and Gillian Davies. Alex Cheatle, Group CEO, together with other Directors and advisers may attend Committee meetings by invitation. The Committee met three times during the period. The Committee operates under the Group's agreed terms of reference which are available on the Company's website (www.tenlifestylegroup.com/investors).

Duties

The Committee's main duties and responsibilities are to:

> have responsibility for setting the remuneration policy for all Executives and such other members of the executive management as it is designated to consider;

> recommend and monitor the level and structure of remuneration for senior management;

> obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity in light of reviewing the ongoing appropriateness and relevance of the remuneration policy;

> review the design of all share incentive plans for approval by the Board;

> approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes; and

> ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Remuneration policy

The Committee aims to support the creation of long-term value for shareholders by attracting, motivating and retaining high-quality individuals who will contribute to the achievement of the Group's strategy. The policy and principles support the needs of our business over the next few years and the Group's strategy for growth to create long-term value for our shareholders.

It is the Committee's intention that remuneration should reward achievement of objectives and that these are aligned with shareholders' interests over the medium term. Remuneration consists of the following elements:

> salaries;

> long-term incentive awards; and

> pension-related benefits.

Salaries and pension related-benefits provide an appropriate level of fixed remuneration to attract and retain individuals with the qualities, skills and experience required to deliver the Group's strategic objectives and create value for our shareholders, whereas long-term incentive awards reward and retain executives while aligning their interests with those of shareholders by incentivising performance over the longer term.

The majority of long-term incentive awards made to Executives vest on the achievement of performance conditions based on total shareholder return and, for some participants, operational targets, as detailed on page 33. Clawback provisions are available at the discretion of the Committee.

Executives

The Executives signed new service contracts with the Group on Admission to AIM in November 2017. Alan Donald signed a service contract on his appointment. The service contracts are not of fixed duration. All the Executives' contracts are terminable by either party giving six months' written notice.

Non-Executives

Letters of appointment signed by the Non-Executives prior to the IPO for the provision of the Non-Executives' services to the Group expire on 22 November 2019. Since the end of the period, the Board approved the re-appointment of the Non-Executives until the date of the AGM following the period ending 31 August 2020 (expected to take place in February 2021), following the recommendations of the Nomination Committee. The Non-Executives have signed new letters of appointment with the Group for the provision of non-executive services from 22 November 2019, which may be terminated by either party giving three months' written notice. The Non-Executives' fees are determined by the Board.

Directors' remuneration

The following table summarises the total gross remuneration for the qualifying services of the Directors who served during the year to 31 August 2019.

	2019				2018			
	Basic salary/fee £	**Pension £**	**Gain on options £**	**Total £**	Basic salary/fee £	Pension £	Gain on options exercised at IPO £	Total £
Executive								
Alex Cheatle	**280,000**	**6,767**	**—**	**286,767**	255,000	3,717	3,230,200	3,488,917
Andrew Long	**295,300**[1]	**—**	**—**	**295,300**	277,279	—	1,879,660	2,156,939
Sean Hegarty[2]	**144,756**	**3,526**	**—**	**148,282**	135,000	1,933	508,585	645,518
Alan Donald[3]	**36,064**	**—**	**—**	**36,064**	—	—	—	—
Sarah Hornbuckle	**85,000**	**2,075**	**—**	**87,075**	76,000	1,093	998,320	1,075,413
Malcolm Berry[4]	**—**	**—**	**—**	**—**	10,071[5]	718	621,209	631,998
Benjamin Horner[6]	**—**	**—**	**—**	**—**	—	—	130,500	130,500
Non-Executive								
Bruce Weatherill[7]	**50,000**	**—**	**—**	**50,000**	45,833	—	—	45,833
Julian Pancholi[8]	**36,000**	**—**	**—**	**36,000**	39,600	—	—	39,600
Gillian Davies[9]	**36,000**	**—**	**—**	**36,000**	31,523	—	—	31,523
	963,120	**12,368**	**—**	**975,488**	870,306	7,461	7,368,474	8,246,241

1 Converted from Singapore Dollars.
2 Resigned as Director on 24 June 2019.
3 Appointed as Director on 24 June 2019.
4 Resigned as Director on 25 September 2017.
5 Converted from US Dollars.
6 Resigned as Director on 29 November 2017.
7 Appointed as Director on 1 October 2017.
8 Appointed as Director on 1 October 2017.
9 Appointed as Director on 25 October 2017.

Long-term incentive awards

Annual awards to Executives under the Management Incentive Plan (MIP), adopted by the Company on 9 November 2017, are underpinned by financial performance measures.

The MIP share awards will vest on the achievement of performance conditions based on total shareholder return and, for some participants, operational targets. For Alex Cheatle, Sean Hegarty and Sarah Hornbuckle, this performance condition is wholly linked to the compound annual growth rate, vesting after three years. Andrew Long's performance conditions are linked to the compound annual growth rate as well as to Net Revenue growth in APAC and profit making in that region. The Committee believes the aforementioned performance metrics are aligned with achieving KPI growth and driving the Company's strategy forward.

In addition to the annual award under the MIP, the Committee during the period granted the Executives share options under the Company Share Option Plan (CSOP), adopted by the Company on 24 August 2017. These share options are exercisable after three years from the date of grant.

Long-term incentive awards continued

The Non-Executives are not awarded share options.

	Share option scheme	Date of grant	Number of ordinary shares under option	Exercise price	Vesting period
Alex Cheatle	MIP	07/12/2017	400,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	200,000	£0.001	24/06/2019–07/12/2021
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
Andrew Long	MIP	07/12/2017	200,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	100,000	£0.001	24/06/2019–07/12/2021
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
Sean Hegarty	MIP	07/12/2017	120,000	£0.001	07/12/2017–07/12/2020
Alan Donald	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
Sarah Hornbuckle	MIP	07/12/2017	60,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	30,000	£0.001	24/06/2019–07/12/2021
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022

Fees paid for remuneration-related services

The Company paid nil in fees for remuneration-related services during the period.

Directors' interests

Directors who served during the year to 31 August 2019 had interests in the shares of the Company as shown below:

Ordinary shares of 0.01p	**31 August 2019**	**% shareholding**	31 August 2018	% shareholding
Executive				
Alex Cheatle	**11,741,684**	**14.56%**	11,676,008	14.48%
Andrew Long	**4,862,249**	**6.03%**	4,796,573	5.95%
Sean Hegarty	**263,059**	**0.33%**	233,059	0.29%
Alan Donald	**50,000**	**0.06%**	—	—
Sarah Hornbuckle	**797,483**	**0.99%**	757,483	0.94%
Non-Executive				
Bruce Weatherill	**800,000**	**0.99%**	646,523	0.80%
Julian Pancholi	**336,664**	**0.42%**	316,664	0.39%
Gillian Davies	**40,000**	**0.05%**	20,000	0.02%

If you have any comments or questions on anything contained within this Remuneration Report, I will be available at the AGM.

Julian Pancholi
Chairman of the Remuneration Committee
25 November 2019

Directors' Report

The Directors present their annual report and financial statements for the year ended 31 August 2019. An indication of likely future developments in the business is set out in the Strategic Report.

Directors

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

Alex Cheatle
Sarah Hornbuckle
Andrew Long
Alan Donald (appointed 24 June 2019)
Bruce Weatherill
Julian Pancholi
Gillian Davies
Sean Hegarty (resigned 24 June 2019)

Financial risk management objectives and policies

Further detailed commentary on financial risk management is included in note 28.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by holding significant cash balances in major currencies, notably UK Sterling and the US Dollar.

Credit risk

The principal credit risk for the Group arises from its trade receivables. In order to manage credit risk, customers can be required to pay in advance of services being provided and credit controllers regularly review credit limits in conjunction with debt ageing and collection history.

As at 31 August 2019, a provision of £0.5m was recognised against balances with reasonable credit risk.

Foreign exchange risk

The Group has significant operations in both the UK and overseas. Profits are exposed to variations in exchange rates and therefore reported profits. There is some natural hedging of transactional foreign exchange risk; however, the Group remains subject to translation exchange risk.

Overseas branches

The Group has three branches outside the United Kingdom located in Dubai, Colombia and Argentina.

Research and development

The Group continues to dedicate resources to further develop the bespoke TenMAID platform and the customer-facing digital platform offering to its partners. Expenses incurred are capitalised when it is probable that future economic benefits will be attributable to the asset and that these costs can be measured reliably (see note 12).

Political donations

The Group did not make any political donations during the year.

Post-reporting date events

On 31 October 2019, the Company announced the signing of an Extra Large contract in the Americas region. Ten will take over from the client's incumbent supplier to provide its digital and high-touch concierge services early in the new calendar year. The Board considers that no further material post-reporting events occurred between the end of the period and the date of publication of this report.

Substantial shareholders

As at 31 August 2019, the shareholders listed below had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group.

	Number of ordinary shares	Percentage of ordinary shares %
Alex Cheatle	11,741,684	14.56
Soros Fund Management	6,466,006	8.02
Lombard Odier Investment Managers	6,174,325	7.66
Andrew Long	4,862,249	6.03
Luke Ding	4,181,846	5.19
Ben Horner	4,034,000	5.00
Baillie Gifford	3,811,899	4.73
Quinto Corporation	2,829,161	3.51

Directors' Report continued

Purchase of own shares

The Company purchased £0.1m of own shares in the financial year, held in the Employee Benefit Trust (EBT).

Corporate governance

The Company has adopted the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines") as set out on page 28.

Dividends

No ordinary dividends were paid (2018: £nil). The Directors do not recommend payment of a final dividend.

Share option schemes

Details of employee share schemes are set out in note 25 to the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website are the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to the auditor

Each of the Directors of the Company at the time when this report was approved confirms that:

> so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

> he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given in accordance with Section 418(2) of the Act.

Auditor

BDO LLP was appointed as auditor to the Company and, in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be tabled at a general meeting.

Approval

This Directors' Report was approved on behalf of the Board on 25 November 2019.

Alan Donald
Chief Financial Officer
25 November 2019

FINANCIAL STATEMENTS

Financial Statements

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc

Opinion

We have audited the financial statements of Ten Lifestyle Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 August 2019 and of the Group's loss for the year then ended;

> the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

> the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

> the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

> the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition under IFRS 15: Revenue from Contracts with Customers	
Key audit matter	The Group has adopted the new revenue accounting standard, IFRS 15, from 1 September 2018. This standard brings a new and detailed approach to accounting for revenue, with a more prescriptive framework and introduced the concept of 'highly probable' in assessing outcomes and performance obligations along with the five-step model framework in respect of revenue recognition. As such, significant emphasis has been placed on this transition throughout the audit, resulting in the recognition of this key audit matter. The Group has a number of revenue streams, see note 1.5. Details of the accounting policies applied during the period are given in note 2 to the financial statements. The adoption of the accounting policy did not result in a material change to revenue recognition. We considered there to be a significant audit risk arising from inappropriate or incorrect recognition of revenue furthermore the incorrect presentation of revenue taking account of agent vs principle criterion. The risk of material misstatement in relation to revenue recognition concerns the recognition around the year-end and services required to be delivered throughout the year, in relation to all the Group's different types of revenue and that the Group's revenue recognition accounting policies, are in line with the applicable International Financial Reporting Standards, as adopted by the European Union (IFRSs).

Key audit matters continued

Revenue Recognition under IFRS 15: Revenue from Contracts with Customers continued

How the key audit matter was addressed in our audit

We assessed whether the revenue recognition policies adopted by the Group comply with IFRS 15 and industry standard practices. by performing the following procedures:

We reviewed the adopted IFRS 15 policies, and checked that these were being adhered to throughout the year.

In relation to Direct concierge service revenue and Digital platform revenue, we reviewed a sample of contracts to assess whether the revenue had been recognised in accordance with the Group's accounting policy, whether it was recognised appropriately from a timing perspective (in time or over time) and whether any other terms within the contract had any material accounting or disclosure implications.

In relation to Indirect concierge service revenue, we tested a sample of revenue transactions recognised in the general ledger to source documentation including sales invoices, sales orders and cash receipts. In making our assessment of compliance with the Group's accounting policy, we also checked that revenues were only recognised at the time of the date of travel, stay or the date the experience event occurred. Furthermore consideration was made as to whether the Group was the principal or agent in the transaction.

In making our assessment of compliance with the Group's accounting policy, we tested whether revenues recognised were in line with our expectations based on source documentation including customer contracts, sales invoices issued and payment terms during the year.

We also checked the completeness, existence and accuracy of accrued income and deferred revenue balances shown in the statement of financial position at year end to ensure no material misstatements were identified. We checked a sample of revenue transactions occurring either side of the year-end reporting date across all revenue streams and checked that the revenues recognised for the year under audit and accrued income and deferred revenues recognised at the year-end reporting date did not include any material misstatements.

Key observations

We noted no material exceptions through performing these procedures.

Capitalisation of Development Costs

Key audit matter

The Group capitalises costs in relation to development of the software it provides to its clients, being the Ten Maid platform. Such costs must satisfy certain criteria as set out in the Group's accounting policy in note 1.6 and in IAS 38 intangible assets. In determining which costs to capitalise management make certain estimates in relation to the allocations of contractor costs and payroll costs between those which should be capitalised and those which should be expensed through profit and loss.

Capitalised costs are amortised over the period within which the Group expects to derive benefits from the product developed.

There is a significant risk that:

(a) the required criteria are not met and therefore development costs are incorrectly capitalised;

(b) management's estimates in relation to the costs capitalised may be materially misstated; and

(c) capitalised costs are not amortised over the period within which the Group expects to benefit from selling the product developed.

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc continued

Key audit matters continued

Capitalisation of Development Costs continued

How the key audit matter was addressed in our audit

We assessed whether the Group's accounting policy is in accordance with the requirements of IFRSs, specifically IAS 38, and performed testing to confirm that consistent application has been adhered to throughout the year.

In relation to a number of projects on the Ten Maid platform during the year, we:

> checked the accuracy of the contractor and payroll data included in the calculations for capitalised costs to supporting documentation including employment contracts and agreements with contractors;

> considered the proportion of time allocations for employees and contractor roles and made enquiries of management in relation to changes to percentage rates which were outside of expectations, corroborating management's explanations to supporting evidence;

> reviewed the reasonableness of the estimated proportion of time allocations for a sample of employees and contractors by making enquiries of individual employees and contractors and critically reviewing written responses to questionnaires which they completed in relation to their roles, duties and tasks performed in relation to developing the platform asset;

> revisited management's estimate of the amortisation period applied to the asset, establishing whether any indicators of impairment exist taking account of any changes in usability of amounts previously capitalised; and

> assessed the ability of the asset to generate future economic benefits for the business which at least exceed its carrying value by assessing the use of the Ten Maid platform in the performance of obligations to customers.

Key observations

Based on the procedures performed, we noted no instances of material misstatements in the year.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage we set an overall level of materiality for the financial statements as a whole based on our understanding of the elements of the financial statements that are likely to be of greatest significance to users. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality

Materiality for the Group financial statements as a whole was set at £469,000 (2018: £400,000), which represents approximately 1% (2018: 1%) of Group revenue. Revenue provides a consistent year on year basis for determining materiality and has been concluded as the most relevant performance measure to the stakeholders of the Group, while also providing a more stable measure year on year when compared to the Group loss before tax. Parent Company materiality has been set at £422,100 (2018: £300,000) reflecting 2% (2018: 2%) of net assets of the entity, capped at 90% of Group materiality, which is considered a suitable benchmark for a non-trading holding Parent Company.

Materiality levels used for the three key components identified, Ten Lifestyle Management Limited, Ten Lifestyle Management USA Inc. and Ten Lifestyle Management Switzerland GmbH within the Group ranged from £323,000 to £78,000 (2018: £79,374 to £305,000)

Our application of materiality continued

Performance Materiality

Based upon our assessment of the risks within the Group and the Group's control environment, performance materiality for the financial statements was set at £351,750 (2018: £300,000), being 75% (2018: 75%) of overall financial statement materiality.

Performance materiality levels used for the three key components identified, Ten Lifestyle Management Limited, Ten Lifestyle Management USA Inc. and Ten Lifestyle Management Switzerland GmbH within the Group ranged from £242,250 to £58,500 (2018: £59,530 to £228,750).

Reporting Threshold

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £23,450 (2018: £20,000), which is set at 5% (2018: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

We obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of Group journals and other adjustments performed on consolidation.

Three principal trading subsidiaries, noted above, were identified as significant components and were subject to full scope audit for Group reporting purposes by the Group audit team. These components accounted for 93% (2018: 95%) of the Group's revenue and 94% (2018: 73%) of the Group's loss before tax. Financial information for the remaining components not identified as significant was reviewed for Group reporting purposes, using analytic procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

> the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

> the strategic report and the Directors' report 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

> adequate accounting records have not been kept 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.

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc continued

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 36, 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.

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: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Henderson
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
25 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Revenue	4	**49,080**	40,122
Cost of sales on principal transactions		**(3,248)**	(2,746)
Net Revenue	4	**45,832**	37,376
Other cost of sales		**(1,327)**	(762)
Gross profit		**44,505**	36,614
Expected credit loss provision expense		**(514)**	—
Other administrative expenses		**(51,975)**	(44,769)
Administrative expenses		**(52,489)**	(44,769)
Other income		**157**	150
Operating loss before amortisation, interest, share-based payments and taxation ("Adjusted EBITA")		**(4,315)**	(3,882)
Amortisation	12	**(3,011)**	(2,758)
Share-based payment expense	25	**(501)**	(947)
Exceptional items	4	**—**	(418)
Operating loss		**(7,827)**	(8,005)
Finance income	9	**554**	18
Finance expense	9	**(15)**	(511)
Loss before taxation		**(7,288)**	(8,498)
Taxation expense	10	**(973)**	386
Loss for the year		**(8,261)**	(8,112)
Other comprehensive income/(expense):			
Foreign currency translation differences		**153**	(110)
Total comprehensive loss for the year		**(8,108)**	(8,222)
Basic and diluted loss per ordinary share	11	**(10.3)p**	(11.1)p

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

Consolidated Statement of Financial Position

as at 31 August 2019

Company No: 08259177

	Notes	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	12	**9,009**	7,715
Property, plant and equipment	13	**1,843**	1,702
Total non-current assets		**10,852**	9,417
Current assets			
Inventories		**56**	88
Trade and other receivables	16	**11,069**	9,014
Cash and cash equivalents	18	**12,341**	20,659
Total current assets		**23,466**	29,761
Total assets		**34,318**	39,178
Current liabilities			
Trade and other payables	19	**(12,745)**	(10,027)
Obligations under finance leases	22	**(30)**	(64)
Overseas tax liabilities	20	**(596)**	(396)
Total current liabilities		**(13,371)**	(10,487)
Net current assets		**10,095**	19,274
Non-current liabilities			
Obligations under finance leases	22	**(2)**	(32)
Total non-current liabilities		**(2)**	(32)
Total liabilities		**(13,373)**	(10,519)
Net assets		**20,945**	28,659
Equity			
Called up share capital	24	**81**	81
Share premium account		**28,480**	28,480
Merger relief reserve		**1,993**	1,993
Treasury reserve		**(30)**	77
Foreign exchange reserve		**(345)**	(498)
Retained deficit		**(9,234)**	(1,474)
Total equity		**20,945**	28,659

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2019 and are signed on its behalf by:

Alex Cheatle
Director

Alan Donald
Director

Company Statement of Financial Position

as at 31 August 2019

Company No: 08259177

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments	14	**45,181**	5,276
Trade and other receivables	16	**—**	25,408
Total non-current assets		**45,181**	30,684
Current assets			
Trade and other receivables	16	**—**	52
Cash and cash equivalents		**81**	11,491
Total current assets		**81**	11,543
Total assets		**45,262**	42,227
Current liabilities			
Trade and other payables	19	**(88)**	(118)
Amounts due to Group undertakings		**(25)**	—
Total current liabilities		**(113)**	(118)
Net current assets		**(32)**	11,425
Net assets		**45,149**	42,109
Equity			
Called up share capital	24	**81**	81
Share premium account		**28,480**	28,480
Retained earnings		**16,588**	13,548
Total equity		**45,149**	42,109

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company profit and loss account and related notes. The Company's net profit after tax for the year was £2,539,000 (2018: £1,368,000 profit).

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2019 and are signed on its behalf by:

Alex Cheatle
Director

Alan Donald
Director

Consolidated Statement of Changes in Equity

for the year ended 31 August 2019

	Notes	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Foreign exchange reserve £'000	Treasury reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 September 2017		6	9,743	1,993	(388)	(84)	(4,270)	7,000
Loss for the year		—	—	—	—	—	(8,112)	(8,112)
Foreign exchange		—	—	—	(110)	—	—	(110)
Total comprehensive income for the year		—	—	—	(110)	—	(8,112)	(8,222)
Issue of share capital	24	14	18,248	—	—	—	—	18,262
Bonus issue of share capital	24	44	(44)	—	—	—	—	—
Cancellation of balance on share premium account	24	—	(9,961)	—	—	—	9,961	—
Costs relating to issue of shares on Initial Public Offering (IPO)	24	—	(655)	—	—	—	—	(655)
Exercise of share options	24	14	7,566	—	—	—	—	7,580
Shares issued on conversion of convertible loan	24	3	3,583	—	—	—	—	3,586
Shares sold by Employee Benefit Trust (EBT)	24	—	—	—	—	161	—	161
Equity-settled share-based payments charge	25	—	—	—	—	—	947	947
Balance at 31 August 2018		81	28,480	1,993	(498)	77	(1,474)	28,659
Loss for the year		—	—	—	—	—	(8,261)	(8,261)
Foreign exchange		—	—	—	153	—	—	153
Total comprehensive income for the year		—	—	—	153	—	(8,261)	(8,108)
Shares purchased by Employee Benefit Trust (EBT)	24	—	—	—	—	(107)	—	(107)
Equity-settled share-based payments charge	25	—	—	—	—	—	501	501
Balance at 31 August 2019		**81**	**28,480**	**1,993**	**(345)**	**(30)**	**(9,234)**	**20,945**

Company Statement of Changes in Equity

for the year ended 31 August 2019

	Notes	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 September 2017		6	9,743	1,271	11,020
Profit for the year		—	—	1,369	1,369
Total comprehensive income for the year		—	—	1,369	1,369
Issue of share capital	24	14	18,248	—	18,262
Bonus issue of share capital	24	44	(44)	—	—
Cancellation of balance on share premium account	24	—	(9,961)	9,961	—
Costs relating to issue of shares on Initial Public Offering (IPO)	24	—	(655)	—	(655)
Exercise of share options	25	14	7,566	—	7,580
Shares issued on conversion of convertible loan	24	3	3,583	—	3,586
Equity-settled share-based payments charge	25	—	—	947	947
Balance at 31 August 2018		81	28,480	13,548	42,109
Profit for the year		—	—	2,539	2,539
Total comprehensive income for the year		—	—	2,539	2,539
Equity-settled share-based payments charge	25	—	—	501	501
Balance at 31 August 2019		**81**	**28,480**	**16,588**	**45,149**

Consolidated Statement of Cash Flows

for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss for the year, after tax		**(8,261)**	(8,112)
Adjustments for			
Taxation expense/(credit)	10	**973**	(386)
Finance expense	9	**15**	324
Investment income		**(60)**	(18)
Amortisation of intangible assets	12	**3,011**	2,758
Depreciation of property, plant and equipment	13	**993**	661
Equity-settled share-based payment expense	25	**501**	947
Change in value of derivatives	21	**–**	187
Movement in working capital			
Decrease/(increase) in inventories		**30**	(45)
Increase in trade and other receivables		**(2,055)**	(1,891)
Increase in trade and other payables		**2,710**	2,435
Cash used by operations		**(2,143)**	(3,140)
Tax (paid)/received		**(547)**	389
Net cash used by operating activities		**(2,690)**	(2,751)
Cash flows from investing activities			
Purchase of intangible assets	12	**(4,305)**	(4,313)
Purchase of property, plant and equipment	13	**(1,187)**	(1,445)
Finance income	9	**60**	23
Net cash used by investing activities		**(5,432)**	(5,735)
Cash flows from financing activities			
Proceeds from issue of shares	24	**–**	25,884
Cost of the issue of shares	24	**–**	(655)
(Purchase)/proceeds of treasury shares		**(100)**	161
Repayment of other loans	21	**–**	(3,895)
Payment of finance lease obligations		**(73)**	(90)
Interest paid		**(15)**	(134)
Finance lease interest paid		**(8)**	(12)
Net cash (used by)/generated from financing activities		**(196)**	21,259
Net (decrease)/increase in cash and cash equivalents		**(8,318)**	12,773
Cash and cash equivalents at beginning of period		**20,659**	7,886
Cash and cash equivalents at end of period			
Cash at bank and in hand		**12,341**	20,659
Cash and cash equivalents		**12,341**	20,659

Company Statement of Cash Flows

for the year ended 31 August 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit for the year after tax		**2,539**	1,368
Movement in working capital			
Increase in trade and other receivables		**(13,944)**	(17,958)
(Increase)/decrease in trade and other payables		**(5)**	115
Net cash (used by) from operating activities		**(11,410)**	(16,475)
Cash flows from financing activities			
Proceeds from issue of shares	24	**–**	25,884
Cost of the issue of shares	24	**–**	(655)
Net cash generated from financing activities		**–**	25,229
Net (decrease)/increase in cash and cash equivalents		**(11,410)**	8,754
Cash and cash equivalents at beginning of year		**11,491**	2,737
Cash and cash equivalents at end of year		**81**	11,491

Notes to the Financial Statements

1. Accounting policies

Company information

Ten Lifestyle Group Plc (registered company 08259177) is a public company, limited by shares and listed on the Alternative Investment Market (AIM) in November 2018. The Company is incorporated and domiciled in the UK. The registered office is 2nd Floor, Fitzroy House, 355 Euston Road, London NW1 3AL. The Company previously traded under the name Ten Lifestyle Holdings Limited until 2 November 2017.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial information has been prepared on the historical cost basis except that the derivative financial instruments are stated at their fair value.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Group applied all standards and interpretations issued by the IASB that were effective as of 1 September 2018. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in this financial information.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

1.2 Consolidation

The financial information represents the consolidated financial information of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income from the date that control commences until the date that control ceases. The Company controls a subsidiary/investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the year ended 31 August 2013, Ten Lifestyle Group Plc, formerly Ten Lifestyle Holdings Limited, a company under common control of the Ten Lifestyle Management Limited shareholders, acquired Ten Lifestyle Management Limited from its shareholders in return for an issue of shares. As a combination of entities under common control, the transaction falls outside the scope of the standard IFRS 3 "Business Combinations".

Paragraph 10 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" requires management to use its judgement in developing and applying a policy that is relevant, reliable, represents faithfully the transaction, reflects the economic substance of the transaction, is neutral, is prudent and is complete in all material respects when selecting the appropriate methodology for consolidation accounting.

In accordance with merger accounting, consolidated accounts have been prepared for the reconstructed Group as if it had always been in existence. The carrying value of assets and liabilities has not been adjusted to fair value. The difference between the nominal value of the shares issued and the nominal value of the shares received has been recorded in the merger reserve.

The cost of the Company's shares held by the Employee Benefit Trust (EBT) is deducted from equity in the consolidated statement of financial position. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Group other than when they relate to other Group companies and are therefore eliminated.

1.3 Segment reporting

The Group's operating segments are based on the management reporting used by the CEO (who is considered to be the chief operating decision maker) and reviewed by the Board of Directors to make strategic decisions and allocate resources.

1. Accounting policies continued

1.4 Going concern

The Directors have, at the time of approving the financial statements, an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have plans and forecasts that show the Group will be able to continue as a going concern for at least a period of twelve months from the date of balance sheet approval despite being currently loss making. Cashflows are projected to be at a sufficient level to allow the group to meet its obligations. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

Revenue comprises concierge service fees, digital platform fees, and revenues generated from member transactions. An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is principal in all services provided, other than in those transactions with members detailed below in the indirect concierge service revenue section. A typical concierge contract duration is 36 months. Revenue is stated exclusive of VAT, sales tax and trade discounts.

Revenue is recognised when the Group has fulfilled its performance obligations under the relevant customer contract. To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued income to account for revenue when the performance obligations have been met.

Furthermore, the Group receives payments from members for the concierge service which are invoiced on 30 day payment terms and commissions earned on agent transactions are generally received on booking dates or when deposits are due.

The Group primarily provides a concierge service (both online and offline). Where goods and/or services are sold in one bundled transaction, the Group allocates the total arrangement's consideration to the different individual elements based on their relative fair values. Management determines the fair values of individual components based on actual amounts charged by the Group on a standalone basis given the lack of comparable pricing arrangements observable in the market.

The nature, timing of satisfaction of performance obligations and significant payment terms of revenues obtained by the Group are considered below:

Direct concierge service revenue

The Group provides concierge services to its members (online and/or offline) and recognises concierge consideration at the point in time the performance obligation of managing a request is fulfilled. The Group uses the residual approach to determine the transaction price given the lack of observable market prices available given the niche nature of the services provided.

Where the Group's performance of its obligations exceeds amounts received, accrued income or a trade receivable is recognised depending on the Group's billing rights. Where the Group's performance of its obligations under a contract is less than amounts received, a contract liability in deferred income is recognised. The amount of revenue recognised can be subject to contract structures including variable consideration and cap and collar thresholds. Where variable pricing structures are in place with predetermined service thresholds, price per service unit is therefore based on the expected entitlement (most likely method) earned up to the statement of financial position date under each customer agreement.

On implementing a customer contract, it is typical for the Group to charge concierge enabling fees. Where concierge enabling fees are capable of being separated out from an ongoing service contract, revenue will be recognised in full at the point in time of the launch of the service (high touch or online). When the service is not distinct, this cannot be separated from the contract and is therefore recognised over the contract term. Where the service is invoiced in advance and is yet to be launched (i.e. the performance obligation is not fulfilled), a contract liability will be held on the statement of financial position in deferred income.

Digital platform revenue

The Group provides an optional digital platform offering to its customers. Revenue generated from licensing digital products and software maintenance is recognised on a straight line basis over time attributed to the licence.

The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property as the customer benefits from periodic upgrades to the platform.

Where such revenue is invoiced in advance, the revenue is deferred and released over the period of the licence with the contract liability recorded within deferred income in the statement of financial position.

Revenue generated from developing digital products is recognised at the point in time of the delivery of the service. Where revenue is based on time and rate cards are recognised at the contracted rates as labour hours are incurred. Where development income is invoiced in advance, the revenue is deferred as a contract liability with the balance recorded within deferred income in the statement of financial position and released on service delivery.

1. Accounting policies continued

1.5 Revenue continued

Indirect concierge service revenue

The Group receives payment from its members and then fulfils transactions for products and services on their behalf. This is treated as an agent transaction in most cases, other than in cases where the Group has the primary responsibility for providing the products or services to the end user, i.e. the Group carries inventory risk (such as tickets); the Group is free to establish its own prices either with or without bundling in other goods or services which are not supplied by the Group. A large proportion of transactions where the Group is principal relate to the provision of packaged travel services with Air Travel Organiser's Licence (ATOL) guarantees.

Service fees and offer income are recognised over the year to which the fees or offer year relate. Where invoiced in advance, the fees and offer income are deferred and released over the year of the service with the balance recorded within deferred income in the statement of financial position.

Travel and experience revenue is recognised on the date of travel, stay or receiving the experience. Where invoiced in advance, the income is deferred and released on the date of travel, stay or receiving the experience with the balance recorded within deferred income in the statement of financial position.

Direct expenses relating to inclusive tours arranged by the Group's leisure travel providers are taken to the income statement on holiday departure or over the period to which they relate as appropriate. Indirect expenses are recognised in the income statement over the period to which goods and services are received by the Group.

Commissions from suppliers are recognised on the point of provision of the good or service.

1.6 Intangible assets

Research expenditure is expensed to the income statement in the year in which it is incurred; expenditure on internal projects is capitalised if it can be demonstrated that:

> it is technically and commercially feasible to develop the asset for future economic benefit;

> adequate resources are available to maintain and complete the development;

> it is the intention to complete and develop the asset for future economic benefit;

> the Group is able to use the asset;

> use of the asset will generate future economic benefit; and

> expenditure on the development of the asset can be measured reliably.

Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	10% straight line
Capitalised development costs	20% straight line
Website	33% straight line

The basis for choosing these useful lives is with reference to the years over which they can continue to generate value for the Group.

Amortisation charges are included within administrative expenses in the consolidated statement of comprehensive income. The Group reviews the amortisation year and methodology when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at historical cost and subsequently measured at historical cost, net of depreciation and any impairment losses.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	20% straight line
Office equipment	20% to 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1. Accounting policies continued

1.8 Non-current investments

The Company's interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.9 Impairment of tangible and intangible assets

All tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs).

1.10 Financial assets

In adopting IFRS 9, the impairment of financial assets was the only area of impact on the financial information in comparison to the previous reporting period.

The Group now reviews the amount of credit loss associated with its trade receivables based on a provision matrix and forward-looking estimates that consider current and forecast credit conditions as opposed to relying solely on past historical default rates.

In adopting IFRS 9, the Group has applied the simplified approach by applying a provision matrix based on number of days past due to measure lifetime expected credit losses. This takes into account the applicable customer credit risk profile and current and forecast trading conditions.

The Group has elected to adopt the initial application date of 1 September 2018 and therefore has chosen not to restate comparatives. The impact of IFRS 9 to the year ended 31 August 2018 was deemed immaterial as measures were taken to write off bad debt appropriately at the end of 2018 and therefore there was no adjustment to opening reserves at 1 September 2018. Using the approach described above the current year saw an expected credit loss position of £514,000.

All financial assets are held under the business model of holding the asset to collect the contractual cash flows arising from the assets, which are made up solely of payments of the principal and interest. Therefore, all financial assets are classified at amortised cost.

Except for trade receivables, financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables do not contain significant financing components and therefore are initially recognised at their transaction price, and subsequently treated in line with other financial assets. Except for trade receivables, impairment provisions are recognised as an expected credit loss provision under the general approach, being the expected credit loss over the next twelve months.

Where there is a credit risk on a financial asset that has increased significantly, the impairment provision is measured at the lifetime expected credit loss. Impairment for trade receivables will be measured under the simplified approach with an expected credit loss percentage applied to each ageing category. All financial assets will be reported net of impairment; when the Group has no reasonable expectation of recovering a financial asset, the portion that is not recoverable is derecognised.

These financial assets comprise trade and other receivables, accrued income, and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

1.11 Financial liabilities

Financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Any tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1. Accounting policies continued

1.13 Taxation continued

Research and development tax credit

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the Group and that benefit can be reliably measured. R&D tax credits relating are claimed taking account of the “above the line” (ATL) or research and development (R&D) expenditure credit (RDEC) tax credit scheme and are recognised through other income on the income statement and other receivables on the balance sheet, until the cash is received.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to “other comprehensive income”, in which case the deferred tax is also dealt with in “other comprehensive income”. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets. The cost of any unused holiday entitlement is recognised in the year in which the employee’s services are received.

1.16 Retirement benefits

The Group operates a defined contribution pension plan, under which the Group pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using appropriate pricing models. The fair value determined at the grant date is expensed on a straight line basis over the vesting year, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The Group schemes, which award shares in the parent entity, include recipients who are employees in certain subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as the Group has received services in consideration for the Group’s equity instruments. An expense is recognised in the Group income statement for the grant date fair value of the share-based payment over the vesting year, with a credit recognised in equity.

In the subsidiaries’ financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting year, with a credit recognised in equity. The credit to equity is treated as a capital contribution, as the parent company is compensating the subsidiaries’ employees with no cost to the subsidiaries as there is no expectation to recharge this cost. In the parent company’s financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity.

1. Accounting policies continued

1.18 Leases

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

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the lease.

1.19 Foreign currency

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange at the statement of financial position date. Any gain or loss arising from a change in the exchange rates subsequent to the date of the transaction is included as a gain or loss in other comprehensive income.

The statements of financial position of the foreign subsidiaries are translated into Sterling at the rate at the year end. The results of the foreign subsidiaries are translated into Sterling at the average rate of exchange during the financial year. Exchange differences which arise from the translation of opening net assets of the foreign subsidiary undertakings are included in the consolidated statement of comprehensive income.

1.20 Descriptions of nature of each component of equity

The components of the Group's equity can be described as follows:

- Share capital – The amount for the nominal value of shares issued.
- Share premium – The amount subscribed for share capital in excess of nominal value, after deducting costs of issue.
- Foreign exchange reserve – This reserve relates to exchange differences arising on the translation of the balance sheet of the Group's foreign operations at the closing rate and the translation of the income statement of those operations at the average rate.
- Merger reserve – Under the provisions of Section 612 of the Companies Act 2006, the merger reserve represents the difference between the consideration paid and the book value of the net assets acquired, as part of a legacy Group reconstruction.
- Treasury reserve – The reserve relates to shares held in the Group's Employee Benefit Trust.
- Retained deficit – The retained deficit reserve contains the net gains and losses recognised in the consolidated statement of comprehensive income.

1.21 Inventories

Inventories comprise tickets held for resale and are stated at the lower of cost or net realisable value. Consignment tickets are not included within stocks held by the Group. Inventories are valued using a first-in first-out (FIFO) method.

2. Adoption of new and revised standards

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU:

IFRS 16 "Leases"

IFRS 16 "Leases" is effective for annual years beginning on or after 1 January 2019 and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"), and provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities for all applicable leases. IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases standard, IAS 17 "Leases", and related interpretations.

If the standard were to be adopted during the current financial period and applied to the operating leases currently in the Group, it will bring all operating leases onto the balance sheet in line with the accounting treatment for finance leases. The impact would be an increase in the assets and liabilities of the Group by amounts which are based on the amounts disclosed as operating lease commitments in note 26. Furthermore, instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right of use assets. This will increase the reported Adjusted EBITA by the amount of its current operating lease cost. It is envisaged that, as the Group expands, the use of operating leases will increase. As such, the Group has determined the financial statements will be materially impacted on adoption of IFRS 16 given the requirements of the standard and materiality of operating leases held by the Group.

The Group plans to apply the full retrospective approach with restatement of comparative information. Under this approach, the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at 1 September 2018. Comparative figures for the year ended 31 August 2019 will also be restated to reflect the adoption of IFRS 16.

2. Adoption of new and revised standards continued

IFRS 16 "Leases" continued

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

> whether an entity considers uncertain tax treatments separately;

> the assumptions an entity makes about the examination of tax treatments by taxation authorities;

> how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits;

> tax rates; and

> how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

A number of other new standards, amendments and interpretations are effective for years beginning on or after 1 January 2019 and have not been applied in preparing the financial statements of the Group. The Directors do not expect that the adoption of the other new standards will have a material impact on the financial statements of the Group in future periods.

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 September 2018. The new and amended accounting standards adopted during the year are:

> IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018); and

> IFRS 9 "Financial Instruments" which replaces IAS 39 (effective date 1 January 2018).

IFRS 9 "Financial Instruments"

The Group has elected to adopt the initial application date of 1 September 2018 and the only changes made from the previous reporting period is in relation to the impairment of financial assets. The Group now reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and has chosen not to restate comparatives. On the adoption of the IFRS 9, the adjustment to the opening reserves was immaterial with an expected credit loss of £514,000 against trade receivables in the current financial year. Details of the expected credit loss provision for trade receivables is shown in note 17.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 revenue from contracts with customers was adopted from the 1st of September 2018 replacing IAS 18 Revenue. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standard IAS 18 Revenue, IAS 11 Construction Contracts and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has transitioned to the new standard through means of the cumulative effect method as at 1 September. There has been no impact of revenues reported nor assets and liabilities as a result of adopting the standard. The new accounting policy for revenue recognition is explained in detail in note 1.5.

3. Critical accounting judgements and key sources of estimation uncertainty

IAS 1 requires disclosure of the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

In addition, IAS 1 requires disclosure of information about the assumptions the entity makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes to the financial statements include details of their nature and carrying amount at the end of the reporting period.

3. Critical accounting judgements and key sources of estimation uncertainty continued

In the application of the Group and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors believe there are two areas within the financial statements which constitute critical accounting judgements as follows:

Capitalisation of development costs

Development costs are capitalised based on an assessment of whether they meet the criteria specified in IAS 38 for capitalisation. During each reporting period, an assessment is performed by management to determine the time spent developing the intangible assets (note 12) as a proportion of total time spent in the year. This represents an area of judgement and impacts the value of intangible costs capitalised (2019: £4.4m; 2018: £4.3m).

Useful economic lives

Capitalised development costs in respect of the TenMAID and digital platform are amortised over their useful life of five years. The useful life is based on management's judgement which reflects the period over which the asset is expected to generate future economic benefits, and is annually reviewed for appropriateness.

Material estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to material accounting estimates are recognised in the year in which the estimate is revised and future years as appropriate.

4. Segment reporting

The total revenue for the Group has been derived from its principal activity, the provision of concierge services. This has been disaggregated appropriately into operational segment and geographical location.

The Group has three reportable segments: Europe, the Middle East and Africa (EMEA), North and South America ("Americas") and Asia-Pacific (APAC). Each segment is a strategic business unit and includes businesses with similar operating characteristics. They are managed separately in similar time zones to reflect the geographical management structure.

	2019 £'000	2018 £'000
EMEA	**20,494**	17,411
Americas	**15,795**	11,406
APAC	**9,543**	8,559
Net Revenue	**45,832**	37,376
Add back: cost of sales on principal transactions	**3,248**	2,746
Revenue	**49,080**	40,122
EMEA	**1,925**	3,069
Americas	**(4,691)**	(6,785)
APAC	**(1,549)**	(166)
Adjusted EBITA	**(4,315)**	(3,882)
Amortisation	**(3,011)**	(2,758)
Share-based payment expense	**(501)**	(947)
Exceptional costs	**—**	(418)
Operating loss	**(7,827)**	(8,005)
Foreign exchange gain/(loss)	**554**	(117)
Other net finance expense	**(15)**	(376)
Loss before taxation	**(7,288)**	(8,498)
Taxation (expense)/credit	**(973)**	386
Loss for the year	**(8,261)**	(8,112)

Statutory revenues for the Americas and APAC segments are the same as the Net Revenue amounts disclosed above. Statutory revenues for the EMEA segment were £23,742k (2018: £20,157k).

4. Segment reporting continued

The Group's statutory revenue from external customers is generated from commercial relationships entered into by various Group companies, which, given the global nature of the Group's service delivery model, may not reflect the location where the services are delivered, as reflected in the Net Revenue segmentation noted above. The Group's statutory revenue split by contracting country is as laid out below:

	2019 £'000	2018 £'000
UK	**34,435**	27,697
USA	**3,540**	2,852
Switzerland	**7,847**	7,430
Brazil	**965**	1,043
Rest of world	**2,293**	1,100
Revenue	**49,080**	40,122

The Group's statutory revenue is disaggregated into the following revenue streams as detailed in the revenue accounting policy (note 1.5). In addition, the Group disaggregates revenue into services where the Group is considered agent or principal as below:

	2019 £'000	2018 £'000
Concierge service fees	**38,515**	30,901
Indirect concierge service revenue	**9,875**	8,391
Digital platform fees	**690**	829
Total revenue	**49,080**	40,122

	2019 £'000	2018 £'000
Revenue from services as principal	**48,122**	39,516
Revenue from services as agent	**958**	606
	49,080	40,122

Net Revenue is a non-GAAP company measure that excludes the direct cost of sales relating to member transactions managed by the Group, such as the cost of airline tickets sold under the Group's ATOL licences. Net Revenue is the measure of the Group's income on which segmental performance is measured.

Adjusted EBITA is a company non-GAAP specific measure excluding interest, taxation, amortisation, share-based payment and exceptional costs, the latter being expenses which are considered to be one-off and non-recurring in nature which relate to the IPO in the current year.

Adjusted EBITA is the main measure of performance used by the Group's Chief Executive Officer, who is considered to be the chief operating decision maker. Adjusted EBITA is the principal profit measure for a segment.

The statement of financial position is not analysed between reporting segment. Management and the chief operating decision maker consider the statement of financial position at Group level.

Two customers generated more than 10% of total revenue each during the year ended 31 August 2019. The total combined revenue of these customers was £10.2m (2018: £8.1m) and was mainly included in the EMEA and Americas segments.

4.1 Exceptional items

	2019 £'000	2018 £'000
Cost of admission to the AIM	**–**	378
Employee share option advisory costs	**–**	40
	–	418

5. Operating loss

Operating loss for the year is stated after charging:

	2019 £'000	2018 £'000
Exchange (gains)/losses	**(494)**	117
Research and development costs	**673**	878
Depreciation of property, plant and equipment	**993**	661
Amortisation of intangible assets	**3,011**	2,758
Operating lease rental	**4,110**	3,853
Bad debt provision expense	**514**	—

6. Auditor's remuneration

	2019 £'000	2018 £'000
For audit services		
Audit of the financial statements of the Company	**83**	85
Audit of the financial statements of the Company's subsidiaries	**15**	15
	98	100
For other services		
Tax services for the Company	**10**	12
Tax services for the Company's subsidiaries	**58**	5
Other services	**17**	—
	85	17

7. Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2019 Number	2018 Number
UK	**240**	215
International	**597**	535
	837	750

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	**29,453**	24,861
Social security costs	**2,636**	2,588
Pension costs	**779**	348
Share-based payments	**501**	947
	33,369	28,744

The Company had no employment costs for the year (2018: £nil) since the eight (2018: nine) Directors who held office during the year to 31 August 2019 had their remuneration paid by subsidiary companies.

Notes to the Financial Statements continued

8. Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	**963**	870
Pension contributions to defined contribution schemes	**12**	7
Share-based payments – gain on the exercise of share options during year	**—**	7,369
	975	8,246

During November 2018, at the same time as the Initial Public Offering of the Company's shares, four Directors exercised share options totalling to 9,516,840 options at an exercise price which ranged from 0.09p to 0.875p. The market value of the shares at the time of sale was £12.7m and this resulted in a gain on exercise of share options of £7.4m.

Full details of Directors' remuneration are presented in the Remuneration Committee Report on pages 32 to 34.

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	**295**	277
Share-based payments – expense	**144**	118
Share-based payments – gain on the exercise of share options during year	**—**	1,880
	439	2,275

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to three (2018: three).

9. Net finance expense

	2019 £'000	2018 £'000
(Gains)/losses on foreign exchange	**(494)**	117
Interest on bank overdrafts and loans	**3**	1
Interest on loan notes	**—**	194
Interest on obligations under finance leases	**12**	12
Change in value of financial derivative	**—**	187
Other gains	**(60)**	(18)
Total finance (income)/expense	**(539)**	493

10. Income tax expense

	2019 £'000	2018 £'000
Current tax		
Foreign taxes	**973**	568
Research and development tax credits	**—**	(754)
	973	(186)
Deferred tax (note 23)		
Origination and reversal of temporary differences	**—**	(200)
Total tax credit	**973**	(386)

10. Income tax expense continued

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

	2019 £'000	2018 £'000
Loss before taxation	**7,288**	8,498
Expected tax credit based on a corporation tax rate of 19% (2018: 19%)	**(1,385)**	(1,615)
Effect of expenses not deductible in determining taxable profit	**15**	90
Accelerated capital allowances	**–**	(200)
Movement in deferred tax not recognised	**1,796**	1,846
Research and development tax credits	**–**	(754)
Overseas tax rate differences	**347**	197
Overseas tax due to transfer pricing adjustments	**200**	50
Taxation charge/(credit) for the year	**973**	(386)

The Group has tax losses carried forward at 31 August 2019 of £19.1m (2018: £15.5m). The movement in deferred tax not recognised is a result of the increase in these losses.

The Group has an unrecognised deferred tax asset of approximately £0.25m (2018: £0.1m) in respect of possible future tax deductions from the exercise of Company share options. No deferred tax asset has been recognised in respect of the losses due to the Company not currently forecasting to generate sufficient taxable profits to realise the asset in the foreseeable future.

The movement in deferred tax not recognised is largely due to the significant increase in losses during the period.

Changes in the applicable tax rates

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

11. Loss per share

On 19 October 2017, the Company redesignated the ordinary C shares as ordinary shares and made a bonus issue of ordinary shares on the basis of seven ordinary shares for each ordinary share then held.

	2019 £'000	2018 £'000
Loss attributable to equity shareholders of the parent	**(8,261)**	(8,112)
Weighted average number of ordinary shares in issue	**80,096,503**	28,988,054
Impact of bonus issue	**–**	44,083,154
Weighted average number of ordinary shares in issue adjusted for bonus issue	**80,096,503**	73,071,208
Basic loss per share (pence)	**(10.3)p**	(11.1)p

Basic loss per ordinary share

Basic loss per ordinary share is calculated by dividing the net result for the year attributable to shareholders by the weighted number of ordinary shares outstanding during the year, as adjusted to reflect the redesignation of ordinary C shares and the subsequent bonus issue of ordinary shares which occurred during the year ended 31 August 2018.

Diluted loss per ordinary share

Where the Group has incurred a loss in the year, the diluted loss per share is the same as the basic loss per share as the loss has an anti-dilutive effect. Therefore, basic and diluted loss per share for the years ended 31 August 2018 and 31 August 2019 are calculated on the same basis.

Notes to the Financial Statements continued

12. Intangible assets

	Capitalised development costs £'000	Website £'000	Trademarks £'000	Total £'000
Cost				
At 31 August 2017	16,912	1,909	55	18,876
Additions	4,313	—	—	4,313
Disposals	(408)	—	—	(408)
At 31 August 2018	20,817	1,909	55	22,781
Additions	4,305	—	—	4,305
At 31 August 2019	**25,122**	**1,909**	**55**	**27,086**
Accumulated amortisation				
At 31 August 2017	11,620	1,041	55	12,716
Charge for the year	2,151	607	—	2,758
Disposals	(408)	—	—	(408)
At 31 August 2018	13,363	1,648	55	15,066
Charge for the year	2,780	231	—	3,011
At 31 August 2019	**16,143**	**1,879**	**55**	**18,077**
Carrying amount				
At 31 August 2018	7,454	261	—	7,715
At 31 August 2019	**8,979**	**30**	**—**	**9,009**

All additions relate to internal expenditure. The useful economic life of the capitalised development platforms and website are assessed to be five years and three years respectively.

13. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 September 2017	479	321	3,537	4,337
Additions	98	128	1,219	1,445
At 31 August 2018	577	449	4,756	5,782
Additions	57	205	925	1,187
Disposals	(96)	—	(147)	(243)
At 31 August 2019	**538**	**654**	**5,534**	**6,726**
Accumulated depreciation				
At 1 September 2017	265	171	2,983	3,419
Charge for the year	95	78	488	661
At 31 August 2018	360	249	3,471	4,080
Charge for the year	90	152	751	993
Disposals	(43)	—	(147)	(190)
At 31 August 2019	**407**	**401**	**4,075**	**4,883**
Carrying amount				
At 31 August 2018	217	200	1,285	1,702
At 31 August 2019	**131**	**253**	**1,459**	**1,843**

The net carrying value of tangible fixed assets includes £5,201 (2018: £78,090) in respect of assets held under finance leases or hire purchase contracts. All assets held under finance leases or hire purchase contracts are included in office equipment. The value of the additions of such assets in the year was £nil (2018: £64,650). The depreciation charge in respect of such assets amounted to £20,806 (2018: £60,110) for the year.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

14. Investments

All investments held by the Company are investments in subsidiaries which are held at cost.

	2019 £'000	2018 £'000
Investments in subsidiaries	**45,181**	5,276
Cost		
At 31 August 2018	**5,276**	
Additions	**39,905**	
At 31 August 2019	**45,181**	
Carrying amount		
At 31 August 2018	**5,276**	
At 31 August 2019	**45,181**	

The addition in the year represents capital contributions of £0.5m made to the Company's subsidiaries in respect of the share option expense recognised on share options issued by the Company to employees of the appropriate subsidiaries.

On 30 August the Company increased its investment in Ten Lifestyle Management Limited by subscribing for 39,404,317 shares at £1 per share, satisfied by the forgiving of debt owed by Ten Lifestyle Management Limited to the Company of £39.4m which had increased over the course of the year.

Both of these transactions represent non-cash transactions during the year.

Notes to the Financial Statements continued

15. Subsidiaries

Details of the Company's subsidiaries at 31 August 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest %	Voting power held %	Nature of business
Ten Lifestyle Management Limited[1]	UK	100	100	Concierge services
Ten Lifestyle Management (Asia) Limited	Hong Kong	100	100	Concierge services
Ten Lifestyle Management USA Inc.	USA	100	100	Concierge services
Ten Lifestyle Management (Canada) ULC	Canada	100	100	Concierge services
Ten Group Singapore PTE Limited	Singapore	100	100	Concierge services
Ten Group Japan K.K.	Japan	100	100	Concierge services
Ten Lifestyle Commercial Consulting (China)	China	100	100	Concierge services
Ten Lifestyle Management Limited S DE RL DE CV	Mexico	100	100	Concierge services
Ten Lifestyle Management Africa (Pty) Limited	South Africa	100	100	Concierge services
Ten Lifestyle Management India Private Limited	India	100	100	Concierge services
Ten Servicos de Concierge do Brasil Limited	Brazil	100	100	Concierge services
Ten Group Belgium BVBA	Belgium	100	100	Concierge services
Ten Group Australia Pty Limited	Australia	100	100	Concierge services
Ten Lifestyle Management Switzerland GmbH	Switzerland	100	100	Concierge services
Ten Group France SAS	France	100	100	Concierge services
Ten Group (RUS) LLC	Russia	100	100	Concierge services
Ten Group Norway AS	Norway	100	100	Concierge services
Ten Latin America Limited	UK	100	100	Dormant
Ten South America Limited	UK	100	100	Dormant
Ten Global Services Limited	UK	100	100	Dormant
Ten Travel Limited	UK	100	100	Dormant
Ten Professional Services Limited	UK	100	100	Dormant
Bailey Medical Support Limited	UK	100	100	Dormant

1 Shares held directly by Ten Lifestyle Group Plc.

15. Subsidiaries continued

The registered offices of the Company's subsidiaries are as follows:

Name of undertaking	Registered office
Ten Lifestyle Management Limited	2nd Floor, Fitzroy House, 355 Euston Road, London NW1 3AL, United Kingdom
Ten Lifestyle Management (Asia) Limited	Unit 21–101 WeWork Taikoo, Cityplaza Three, Taikoo, Hong Kong
Ten Lifestyle Management USA Inc	10th Floor, 33 New Montgomery Street, Suite 1090, San Francisco CA, 94105, USA
Ten Lifestyle Management (Canada) ULC	1200 Bay Street, Suite 202, Toronto, Ontario M5R 2A5, Canada
Ten Group Singapore PTE Limited	63 Market Street, #11-04 Bank of Singapore Centre 048942, Singapore
Ten Group Japan K.K.	7F Sumitomo Sasazuka Taiyo Building, 1-48-3 Sasazuka, Shibuya-ku, Tokyo 151-0073, Japan
Ten Lifestyle Commercial Consulting (China)	Floor 12, Platinum Building, 233 Tai Cang Road, Huangpu District, Shanghai, 200020, China
Ten Lifestyle Management S DE RL DE CV	Torre Reforma Latino, Reforma 296, Piso 14, Suite 1400 Colonia Juárez, Mexico D.F., 06600
Ten Lifestyle Management Africa (Pty) Limited	7th Floor, 19 Louis Gradner Street, Foreshore, Cape Town 8001, South Africa
Ten Lifestyle Management India Private Limited	The Ruby, South East Wing, 9th Floor, 29 Senapati Bapat Marg, Dadar (W), Mumbai 400028, Maharashtra, India
Ten Servicos de Concierge do Brasil Limited	Rua Gomes de Carvalho, No 1356, Connjunto 131, Jardim Paulista, CEP 04547-005, São Paulo, Brazil
Ten Group Belgium BVBA	Brussels Airport Corporate Village, Leonardo Da Vin-cilaan, 91935 Zaventem, Belgium
Ten Group Australia Pty Limited	Level 9, 401 Collins Street, 3000, Melbourne, Victoria, Australia
Ten Group France SAS	66 avenue des Champs-Élysées, 75008, Paris, France
Ten Group (RUS) LLC	Office 612, Smolenskaya Square 3, 121099, Moscow, Russia
Ten Group Norway AS	9th Floor, 16 Dronning Eufemias Gate, 0191 Oslo, Norway
Ten Lifestyle Management Switzerland GmbH	Red Tower, Floor F0 Limmatstrasse 250, 8005, Zurich, Switzerland

The registered office of the dormant subsidiaries incorporated in the UK is 2nd Floor, Fitzroy House, 355 Euston Road, London NW1 3AL, United Kingdom.

16. Trade and other receivables

Trade receivables disclosed below are measured at fair value using the expected credit loss model.

Group	**2019 £'000**	2018 £'000
Trade receivables (note 17)	**4,650**	3,852
Provision for bad and doubtful debts	**(514)**	—
	4,136	3,852
Other receivables	**947**	1,005
Prepayments and accrued income	**5,986**	4,157
	11,069	9,014

Notes to the Financial Statements continued

16. Trade and other receivables continued

Company	2019 £'000	2018 £'000
Amounts falling due within one year:		
Other receivables	—	52
Total other receivables due within one year	—	52
Amounts falling due after more than one year:		
Amounts due from Group undertakings	—	25,408
Total other receivables due in more than one year	—	25,408

Movements in Group contract assets and liabilities were as follows:

> trade receivables increased from £3.85m in 2018 to £4.14m at the reporting date;

> accrued income increased from £1.69m in 2018 to £2.23m at the reporting date with all accrued income recognised at 31 August 2018 released during the year; and

> deferred income increased from £2.16m in 2018 to £2.26m at the reporting date with all deferred income recognised at 31 August 2018 released during the year with the exception of £170k.

The fair value of trade and other receivables below is the same as the carrying value as credit risk has been addressed as part of impairment provisioning and due to the short-term nature of the amounts receivable they are not subject to other ongoing fluctuations in market rates.

On 30 August the Company increased its investment in Ten Lifestyle Management Limited by subscribing for 39,404,317 shares for cash at £1 per share, satisfied by the release of debt owed by Ten Lifestyle Management Limited to the Company of £39.4m.

The Company holds no receivables at the reporting date.

17. Trade receivables – credit risk

Ageing of due and past due but not impaired receivables

Ageing of due and past due but not impaired receivables	2019 £'000	2018 £'000
0–30 days	**3,086**	2,668
30–60 days	**840**	847
60–90 days	**123**	126
90–120 days	**185**	41
120+ days	**416**	170
	4,650	3,852
Provision for bad and doubtful debts	**(514)**	—
	4,136	3,852

The Group provides against trade receivables using the expected credit loss model as at the reporting date. In the previous financial year the provision was £nil.

17. Trade receivables – credit risk continued

Ageing of due and past due but not impaired receivables continued

	Trade Receivables £'000	Expected credit loss provision £'000	Expected credit loss provision %
0–30 days	3,086	54	2%
30–60 days	840	90	11%
60–90 days	123	49	40%
90–120 days	185	44	24%
120+ days	416	277	67%
	4,650	514	

The provision is based on prior experience using a provision matrix whilst considering an assessment of the current and future expected economic climate, in addition to taking into account the length of time that the receivable has been overdue.

Movement in the allowances for doubtful debts

	2019 £'000	2018 £'000
Balance at 1 September 2018	**–**	288
Additional allowance recognised	**514**	—
Amounts written off as uncollectable	**–**	(288)
Balance at 31 August 2019	**514**	—

18. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at banks and on hand – unrestricted	**12,100**	20,411
Cash at banks and on hand – restricted	**241**	248
Cash and cash equivalents	**12,341**	20,659

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group holds cash in a restricted access account in respect of guarantees. These guarantees arise in the ordinary course of business and relate to the Group's travel operations. The guarantees are required under consumer protection schemes in certain markets and are provided by banks, which hold restricted cash to support the guarantee. As such, this guarantee will be required for the long term, unless local regulations are amended.

19. Trade and other payables

Group	**2019 £'000**	2018 £'000
Trade payables	**227**	1,453
Accruals and deferred income	**9,206**	6,346
Social security and other taxation	**2,079**	1,246
Other payables	**1,233**	982
	12,745	10,027

Notes to the Financial Statements continued

19. Trade and other payables continued

Company	2019 £'000	2018 £'000
Accruals	**88**	118
Amounts due to Group companies	**25**	—

The fair value of trade and other payables is the same as the carrying values.

20. Overseas tax liabilities

	2019 £'000	2018 £'000
Overseas tax liabilities	**596**	396

The liabilities relate to overseas tax liabilities. The liabilities will reduce as overseas tax filings are finalised and paid.

21. Borrowings

All borrowings were paid off during the previous financial year ended 31 August 2018.

22. Finance lease obligations

Amounts payable under finance leases:

	2019 £'000	2018 £'000
Within one year	**30**	64
In two to five years	**2**	32
	32	96

The Directors have assessed that the present value of the minimum lease payments is not materially different to the carrying value.

The Group's finance leases relate to some of the computer equipment used within its business. Such assets are classified as finance leases when the rental year amounts to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

23. Deferred taxation

The movement in the deferred tax is shown below.

	Accelerated capital allowances £'000
Deferred tax liability at 1 September 2017	200
Deferred tax movements in prior year	—
Release to profit or loss	(200)
Deferred tax liability at 31 August 2018	—
Deferred tax movements in current year	—
Deferred tax liability at 31 August 2019	**—**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date (17% to 19%).

24. Share capital

	2019 Number '000	2018 Number '000
80,650,049 ordinary shares of £0.001 each	**80,650**	80,650
	80,650	80,650

There were no share issues during the financial year ended 31 August 2019. All shares are fully paid.

Own shares held

An Employee Benefit Trust (Ten Group Employee Benefit Trust) was established in February 2012. During the year, the Employee Benefit Trust purchased 280,426 shares (£0.001 nominal value) for consideration of £0.1m resulting in a total subscription of 553,546 ordinary shares at £0.2m (2018: 273,120, £0.1m). These are treated as treasury shares and are included in the treasury reserve in the consolidated statement of financial position.

In the year ending 31 August 2018 an additional £0.7m was recognised as a deduction against share premium in the year representing the costs associated with issuing equity on IPO and therefore are not included in exceptional items in the profit or loss account.

25. Share options

All share options relating to the UK tax authority approved Enterprise Management Incentive (EMI) share option plan and the unapproved share option plan fully vested on completion of the IPO other than those options with performance conditions which were not met and therefore lapsed in the year. The Company Share Option Plan (CSOP) remains in place and the Management Incentive Plan (MIP) commenced on 9 November 2017.

For all current schemes, the holder must be in continued employment of the Company for three years for the option to vest. All options unexercised after a period of ten years from the date of grant expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Options are exercisable at a range of between £0.001 per share and £1.60 per share. The weighted average remaining contractual life of the share options outstanding at 31 August 2019 is 8.5 years.

The total expense recognised for year ended 31 August 2019 arising from equity-settled share-based payment transactions amounted to £0.5m (2018: £0.9m).

	Number	Weighted average exercise price £
Number of options outstanding at 31 August 2017	2,116,942	4.58
Bonus issue in the year (7 to 1)	14,818,602	0.57
Granted in the year – CSOP	124,897	1.55
Granted in the year – MIP	1,360,956	0.001
Exercised in the year – EMI	(9,882,336)	0.56
Exercised in the year – unapproved	(3,760,000)	0.88
Forfeited in the year – CSOP	(60,000)	0.56
Lapsed in the year – EMI	(1,169,352)	0.56
Number of options outstanding at 31 August 2018	3,549,709	0.42
Granted in the year – CSOP	816,205	0.99
Granted in the year – MIP	947,187	0.001
Forfeited in the year – CSOP	(499,575)	0.81
Forfeited in the year – MIP	(76,000)	0.001
Number of options outstanding at 31 August 2019	4,737,526	0.43
Number of options exercisable at 31 August 2019	283,856	

25. Share options continued

		Number as at 31 August 2019	Number as at 31 August 2018	Exercise price £	Remaining contractual life (Years)
January 2013 to January 2023	EMI	**97,336**	97,336	0.22	3.4
January 2013 to January 2023	EMI	**24,672**	24,672	0.54	3.4
January 2013 to January 2023	EMI	**9,440**	9,440	0.41	3.4
May 2014 to January 2023	EMI	**29,416**	29,416	0.41	3.7
December 2015 to December 2025	EMI	**122,992**	122,992	0.56	6.3
August 2017 to August 2027	CSOP	**1,340,000**	1,780,000	0.75	8.0
December 2017 to December 2027	MIP	**1,216,000**	1,292,000	0.001	8.3
February 2018 to February 2028	CSOP	**—**	19,354	1.55	8.5
March 2018 to March 2028	CSOP	**9,375**	9,375	1.60	8.5
April 2018 to April 2028	MIP	**68,956**	68,956	0.001	8.6
May 2018 to May 2028	CSOP	**22,222**	44,444	1.35	8.7
August 2018 to August 2028	CSOP	**33,725**	51,724	0.87	9.0
September 2018 to September 2028	CSOP	**34,483**	—	0.87	9.0
September 2018 to September 2028	MIP	**112,360**	—	0.001	9.0
November 2018 to November 2028	CSOP	**86,875**	—	0.69	9.2
November 2018 to November 2028	MIP	**344,828**	—	0.001	9.2
December 2018 to December 2028	CSOP	**42,857**	—	0.87	9.3
January 2019 to January 2029	CSOP	**67,781**	—	0.87	9.4
April 2019 to April 2029	CSOP	**45,802**	—	0.66	9.6
June 2019 to June 2029	CSOP	**134,831**	—	0.89	9.8
June 2019 to June 2029	MIP	**490,000**	—	0.001	9.8
July 2019 to July 2029	CSOP	**25,424**	—	1.18	9.9
August 2019 to August 2029	CSOP	**378,151**	—	1.19	10.0
		4,737,526	3,549,709		

The period noted in the table below reflects the month during which the options were awarded to the month of expiration. For the share options granted during the year, the weighted average fair value of the options is £0.65.

Management Incentive Plan

Under the MIP, 754,828 options were issued conditional on achievement of performance conditions based on total shareholder return (market) and, for some participants, operational targets (non-market). A further 192,360 share options were issued, conditional on three years of employment service (non-market) from the date of grant. All share options granted under the MIP can be exercised at nominal ordinary share value (0.001p).

Valuation of share options

The fair value of options subject to non-market-based vesting conditions was measured using a Black Scholes model and those options with market-based conditions using a Monte Carlo simulation model.

The fair value of the outstanding options without performance conditions was measured using the Black Scholes options valuation model. The inputs to that model in respect of the share options outstanding under each issue as at 31 August 2019 and 31 August 2018 were as follows:

25. Share options continued

Valuation of share options continued

	EMI	EMI	EMI	EMI
Grant month	January 2013	May 2014	December 2015	December 2015
Weighted average share price	£3.31	£3.31	£4.50	£5.00
Weighted average exercise price	£3.31	£3.31	£4.50	£4.50
Expected volatility	72%	58%	72%	58%
Weighted average risk free rate	1.00%	1.56%	1.20%	0.51%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	4	5	4
Weighted average fair value at date of grant	£1.94	£1.52	£2.65	£2.38

	EMI	CSOP	MIP	CSOP
Grant month	December 2015	August 2017	December 2017	March 2018
Weighted average share price	£6.00	£6.00	£1.43	£1.60
Weighted average exercise price	£4.50	£6.00	£0.001	£1.60
Expected volatility	42%	72%	30%	30%
Weighted average risk free rate	0.21%	0.44%	0.56%	0.60%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	3	5	3	5
Weighted average fair value at date of grant	£2.36	£3.49	£1.42	£1.29

	CSOP	CSOP	CSOP	CSOP
Grant month	May 2018	August 2018	September 2018	November 2018
Weighted average share price	£1.35	£0.91	£0.87	£0.64
Weighted average exercise price	£1.35	£0.91	£0.87	£0.64
Expected volatility	30%	30%	30%	30%
Weighted average risk free rate	0.63%	0.99%	0.99%	0.99%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	5
Weighted average fair value at date of grant	£0.86	£0.90	£0.86	£0.64

	CSOP	CSOP	CSOP	CSOP
Grant month	November 2018	December 2018	January 2019	April 2019
Weighted average share price	£0.75	£0.35	£0.44	£0.66
Weighted average exercise price	£0.75	£0.35	£0.44	£0.66
Expected volatility	30%	30%	30%	30%
Weighted average risk free rate	0.99%	0.99%	0.99%	0.60%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	5
Weighted average fair value at date of grant	£0.74	£0.35	£0.44	£0.63

25. Share options continued

Valuation of share options continued

	COSP	COSP	COSP	MIP
Grant month	June 2019	July 2019	August 2019	June 2019
Weighted average share price	£0.89	£1.18	£1.19	£0.34
Weighted average exercise price	£0.89	£1.18	£1.19	£0.001
Expected volatility	30%	30%	30%	30%
Weighted average risk free rate	0.60%	0.40%	0.33%	0.95%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	3
Weighted average fair value at date of grant	£0.85	£1.02	£0.96	£0.34

The fair value of the outstanding options with performance conditions was measured using the Monte Carlo simulation model. The inputs to that model in respect of the share options outstanding under each issue as at the year ended 31 August 2019 and 31 August 2018 were as follows:

	MIP	MIP	MIP	MIP
Grant month	December 2017	April 2018	September 2018	November 2018
Weighted average share price	£1.43	£1.15	£0.30	£0.29
Weighted average exercise price	£0.001	£0.001	£0.001	£0.001
Expected volatility	30%	30%	30%	30%
Weighted average risk free rate	0.56%	0.56%	0.78%	0.78%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	3	3	3	3
Weighted average fair value at date of grant	£0.49	£0.39	£0.09	£0.09

	MIP
Grant month	June 2019
Weighted average share price	£0.98
Weighted average exercise price	£0.001
Expected volatility	30%
Weighted average risk free rate	0.54%
Expected dividend yield	—
Weighted average option life (years)	3
Weighted average fair value at date of grant	£0.82

The share price volatility fluctuated for the different share option schemes due to different years that apply to each of the schemes in existence. The risk-free rate is based on the average Bank of England base rate in the year.

Expected share price volatility is based on similar listed entities and varies due to the different years that apply to each of the schemes in existence.

26. Operating leases

Lessee

The Group operates from various leased properties around the world. The terms of property leases vary from location to location.

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating and finance leases.

	2019 £'000	2018 £'000
Operating lease rental	**4,110**	3,853
Future commitments		
Within one year	**3,169**	2,832
Between two and five years	**4,379**	6,327
	7,548	9,159

	2019 £'000	2018 £'000
Within one year	**30**	64
In two to five years	**2**	32
	32	96

27. Capital commitments

At 31 August 2019 the Group had no material capital commitments (2018: £nil).

28. Financial instruments and financial risk management

Financial instruments – Group

The Group's principal financial liabilities comprise trade and other payables and borrowings. The primary purpose of these financial liabilities is to finance the operations. The Group has trade and other receivables and cash that derive directly from its operations.

Financial assets

	2019 £'000	2018 £'000
Cash at banks and on hand – unrestricted	**12,100**	20,411
Cash at banks and on hand – restricted	**241**	248
Trade and other receivables	**7,695**	6,227

Financial liabilities

	2019 £'000	2018 £'000
Trade and other payables	**6,512**	4,922
Finance lease obligations	**32**	96

The Directors consider that the carrying amount for all financial assets and liabilities approximates to their fair value.

Financial instruments – Company

The Company has limited financial liabilities as its primary purpose is to hold investments in other Group companies. The Company's receivables largely relate to its funding of the operations of the Group.

Notes to the Financial Statements continued

28. Financial instruments and financial risk management continued

Financial instruments – Company continued

Financial assets

	2019 £'000	2018 £'000
Cash at bank and on hand – unrestricted	**81**	11,491
Loan to other Group companies	**—**	25,408
Trade and other receivables	**—**	5

Financial liabilities

	2019 £'000	2018 £'000
Amounts due to Group undertakings	**25**	—
Trade and other payables	**88**	118

The Directors consider that the carrying amount for all financial assets and liabilities approximates to their fair value.

Financial risk management

The Company is exposed to market risk, which includes interest rate risk and currency risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensures that the financial risk taken is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

The Board of Directors reviews and agrees the policies for managing each of these risks, which are summarised below:

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group is exposed to transactional and translation exchange risk. Transactional foreign exchange risk arises from sales or purchases by a Group company in a currency other than that company's functional currency. Translation foreign exchange risk arises on the translation of profits earned in Euros, US Dollars, Swiss Francs, Brazilian Real and Japanese Yen to Sterling and the translation of net assets denominated in Euros, US Dollars, Swiss Francs, Brazilian Real and Japanese Yen to Sterling, the Group's functional currency.

Each of the companies in the Group trades almost exclusively in its functional currency, minimising transactional foreign exchange risk.

	EUR 1	USD 1	CHF 1	JPY 1	BRL 1
Year ended 31 August 2018					
Average rate	1.13	1.35	1.31	148.66	4.62
Year-end spot rate	1.12	1.29	1.27	142.87	5.04
Year ended 31 August 2019					
Average rate	**1.13**	**1.28**	**1.27**	**141.56**	**4.95**
Year-end spot rate	**1.11**	**1.22**	**1.20**	**129.20**	**5.04**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% decrease in Great British Pounds against the relevant foreign currencies which the Directors believe could have the most significant impact on the performance of the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

For a 5% strengthening of GBP against the relevant currency there would be a comparable impact on the profit and other equity, in the opposite direction.

28. Financial instruments and financial risk management continued

Foreign currency sensitivity analysis continued

	Profit or loss	
	2019 £'000	2018 £'000
Euros	**(10)**	(27)
US Dollars	**(681)**	(413)
Swiss Francs	**(119)**	(138)
Japanese Yen	**(188)**	(165)
Brazilian Real	**98**	45
	(900)	(698)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group accepts the risk of losing interest on deposits due to interest rate reductions. Any interest charged on outstanding loan notes is at fixed rates.

The Directors do not believe the interest rate risk to be material and therefore no sensitivity analysis has been prepared.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including cash deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding receivables are regularly monitored and discussed at executive management and Board level.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low as receivables are principally with large financial institutions.

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with the Company's policy. Credit risk with respect to cash is managed by carefully selecting the institutions with which cash is deposited.

Liquidity risk

The Group is not currently cash generative; however, funds were raised as part of the IPO in 2018. In addition, the funds generated by operating activities are managed to fund short-term working capital requirements. The Board carefully monitors the levels of cash and is comfortable that it has sufficient cash for normal operating requirements. The Group currently holds no committed lines of credit.

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
At 31 August 2018				
Trade and other payables	10,027	—	—	10,027
Finance lease obligations	64	32	—	96
At 31 August 2019				
Trade and other payables	**12,745**	**—**	**—**	**12,745**
Finance lease obligations	**30**	**2**	**—**	**32**

Notes to the Financial Statements continued

28. Financial instruments and financial risk management continued

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group is not subject to externally imposed capital requirements.

29. Financial instruments carried at fair value

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy prescribed by IFRS 13:

> level 1: quoted prices in active markets for identical assets or liabilities;

> level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

> level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value and measured under the level 3 valuation method. The fair value charge to profit or loss on the convertible loan note for the year ended 31 August 2019 is £nil (2018: £0.2m).

30. Events after the balance sheet date

There are no significant events to report after the balance sheet date.

31. Key management personnel

	2019 £'000	2018 £'000
Short-term employee benefits	**1,627**	1,268
Post-employment benefits	**41**	19
Share based payments – expense	**177**	181
Share-based payments – gain on the exercise of share options during year	**—**	2,476
	1,845	3,944

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out above in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures". Key management personnel comprise the Directors of the Company, and senior staff with management responsibilities across the entire Group.

32. Related party transactions

Other than the related party transactions described above, there were no further related party transactions in the year to disclose.

33. Controlling party

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

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