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Company registration number: 02119493

Interval International Limited

Report and Financial statements

for the year ended 31 December 2018

Interval International Limited

Contents

Interval International Limited

Company information

Directors	R J Healey J M Echenagusia
Company secretary	J M Echenagusia
Registered office	Mitre House 1 Canbury Park Road Kingston upon Thames Surrey KT2 6JX
Banker	Wells Fargo, N.A 33 King William Street London EC4R 9AT
Auditor	Ernst & Young LLP Statutory Auditor London SE1 2AF UK

Strategic report for the year ended 31 December 2018

The directors present their Strategic report, together with the audited financial statements of the company for the year ended 31 December 2018.

Principal activity and review of the business

The principal activity of the company during the year was the operation of a timeshare exchange programme under licence from Interval International Inc.

The company's key financial and other performance indicators during the year were as follows:

	Change	2018	2017
	%	£	£
Turnover	-6.5%	18,513,503	19,808,007
Profit on ordinary activities after taxation	-13.8%	779,385	904,213

Turnover decreased by 6.5% (£1,294,504) and profit on ordinary activities after taxation decreased against 2017 profits by 13.8% (£124,828).

The decrease in turnover included £579,478 related to the loss of a developer resort servicing contract. Excluding this , turnover decreased by 3.6%.

The decrease in profit on ordinary activities after tax was due to prior period tax adjustments. Profit before tax increased by 18% due to exchange rate fluctuations.

The company performed in line with expectations during the year and has continued to trade profitably in 2019 up to date.

Financial risk management

The directors have considered and reviewed the provisions included within the Companies Act 2006, relating to the financial risk management objectives and policies of the company.

As part of the review, the directors have also considered the exposure of the company to liquidity risk in order that an overall assessment can be made of the company's assets, liabilities, its financial position and its results for the year. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Liquidity risk

The company is funded through its retained profits. The directors actively consider other sources of funding to ensure that the company has sufficient available funds for its operations.

Credit risk

The company has implemented policies that require credit checks on potential customers before sales are made.

Brexit risk

We understand that there may be an impact on many businesses including our own as a result of Britain's forthcoming exit from the EU. The company is monitoring the situation and as events unfold will review and adapt it's strategy to prepare for any future challenges.

Foreign exchange risk

The company reviews policies for managing risks arising from the foreign currency transactions.

Approved by the Board on 21 November 2019 and signed on its behalf by:

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R J Healey
Director

Interval International Limited

Directors' report for the year ended 31 December 2018

The directors present their report, together with the audited financial statements of the company for the year ended 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

R J Healey
J A Galea (resigned 19 October 2018)
J M Echenagusia
V J Kincke (resigned 1st September 2018)

Profit and dividends

The profit for the year after taxation amounted to £779,385 (2017: £904,213). The directors proposed and paid a dividend during the year of £nil (2017: nil).

Going concern

The company continues to trade profitability and generate resources to enable it to continue its operational future existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the 2018 financial statements.

The directors have received a written confirmation from Marriott Vacation Worldwide Corporation, the Company's ultimate parent undertaking, that it will provide adequate cash funding to enable the Company to trade and meet its liabilities as they fall due. For this reason, the directors continue to adopt going concern basis in preparing the annual report and financial statements.

Disclosure of information to auditor

The persons who are directors at the date of approval of this report confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 21 November 2019 and signed on its behalf by:

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R J Healey
Director

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, 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 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.

Independent auditor's report to the members of Interval International Limited

Opinion

We have audited the financial statements of Interval International Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of Interval International Limited (continued)

Use of our report

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

Ernst + Young LLP

Stuart Darrington (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
UK

Date 21/11/14

Interval International Limited

Profit and loss account for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	18,513,503	19,808,007
Administrative expenses		(17,387,081)	(18,880,657)
Operating profit	4	1,126,422	927, 350
Interest receivable and similar income	5	106,577	134,564
Interest payable and similar charges	6	(35,606)	(55,428)
Profit on ordinary activities before taxation		1,197,393	1,006,486
Tax on profit on ordinary activities	10	(418,008)	(102,273)
Profit for the financial year		779,385	904,213

The above results were derived from continuing operations.

Interval International Limited

Statement of comprehensive income ended 31 December 2018

	Note	2018 £	2017 £
Profit for the year		779,385	904,213
Deferred tax on share based payments	10	(9,917)	16,166
Total comprehensive income for the year		769,468	920,379

Interval International Limited

Balance sheet as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Non-current assets			
Tangible fixed assets	11	389,776	660,920
Investments	12	72,935	72,935
Contract cost	16	312,386	-
Other receivables	14	1,033,649	793,837
		1,808,746	1,527,692
Current assets			
Stocks	13	94,747	70,433
Contract cost	16	460,022	-
Trade and other receivables	14	6,752,406	6,600,500
Cash at bank and in hand		12,885,398	13,794,932
Total current assets		20,192,573	20,465,865
Current Liabilities			
Trade and other payables	15	9,026,257	14,048,782
Income tax payable	10	362,879	234,537
Contract liabilities	16	5,141,109	-
		14,530,245	14,283,319
Net current assets		5,662,328	6,182,546
Total assets less current liabilities		7,471,074	7,710,238
Non current liabilities			
Contract liabilities	16	7,488,503	-
Accruals and deferred income	16	-	7,970,779
Provisions for liabilities	17	45,000	130,000
		7,533,503	8,100,779
Net liabilities		(62,429)	(390,541)
Capital and reserves			
Called-up share capital	19	25,000	25,000
Profit and loss account		(87,429)	(415,541)
		(62,429)	(390,541)

Interval International Limited

Balance sheet as at 31 December 2018

The financial statements of Interval International Limited (registration number: 02119493) were approved by the Board and authorised for issue on 21 November 2019.

They were signed on its behalf by:

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R J Healey

Director

Interval International Limited

Statement of changes in equity for the year ended 31 December 2018

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2017	25,000	(1,335,920)	(1,310,920)
Total comprehensive income for the year	-	920,379	920,379
At 31December 2017	25,000	(415,541)	(390,541)
IFRS 15 impact – Note 2		(441,356)	(441,356)
As at 01 January 2018 – after IFRS 15	25,000	(856,897)	(831,897)
Total comprehensive income for the year	-	769,468	769,468
At 31December 2018	25,000	(87,429)	(62,429)

Interval International Limited

Notes for the financial statements for the year ended 31 December 2018

1. General information

The company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:
Mitre House
1 Canbury Park Road
Kingston upon Thames
Surrey
KT2 6JX

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Summary of disclosure exemptions

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Marriott Vacation Worldwide Corporation

Interval International Limited meets the definition of a qualifying entity under FRS 101. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, related party transactions and remuneration of key management personnel. Where relevant, equivalent disclosures have been given in the group accounts of Marriott Vacation Worldwide Corporation. The group accounts of Marriott Vacation Worldwide Corporation are available to the public and can be obtained as set out in note 23.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

The company has taken the exemption from the capital management disclosure requirements of IAS 1 therefore has not disclosed information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The company is not a financial institution and has therefore taken advantage of exemption from all requirements of IFRS 7 'Financial Instruments: Disclosure'.

Going concern

The company continues to trade profitability and generate resources to enable it to continue its operational future existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the 2018 financial statements.

2. Accounting policies (continued)

Turnover

The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customers' creditworthiness. Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those.

Membership and affiliation fees

The company offers single-year and multi-year memberships. Revenue is recognised for each performance obligation over time.

Membership fees are recognised on a straight-line basis over the term of the membership and the revenue related to future periods is recorded as 'deferred revenue' and included in Contract liabilities on the Balance sheet .

Exchange fees

The company charges timeshare members a separate fee to arrange an exchange of the member's timeshare period for another period at their resort or another member's resort. The fee is paid in full when the member places a request for an exchange. The request may be cancelled and the fee refunded at any time prior to it being confirmed. Revenue is only recognized upon confirmation of the member's exchange request, at which time the fee becomes non-refundable. .

Getaway fees

The company charges timeshare members a competitive rate for accommodation at both affiliated and non-affiliated resorts. The accommodation units are purchased directly from developers at a pre agreed rate for varied contracted periods. The company adds a mark-up to this and sells direct to members. Payment is made in full at the time of booking and is non-refundable. Revenue is recognised upon members booking and payment of getaway fees.

Foreign currency transactions and balances

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (it's functional currency).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

2. **Accounting policies (continued)**

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Asset class	Depreciation method and rate
Short-term leasehold improvements	Straight line over the lease term
Fixtures, fittings and equipment	Straight line over 7 years
Motor vehicles	Straight line over 5 years
Computer equipment	Straight line over 5 years

The carrying values of tangible fixed assets are reviewed for impairment at the end of every reporting period.

Investments

Investments are stated at cost less provision for any impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all costs of completion and cost to be incurred in marketing, selling and distribution.

Contract liabilities

When either party to a contract with customers has performed, the Company presents a contract asset, a contract liability depending on the relationship between the Company's performance and the customer's payment. Contract liabilities are presented as current since incurred in the normal operating cycle.

2. Accounting policies (continued)

Contract cost

The Company has recognised incremental costs of obtaining a contract and certain costs to fulfill a contract to be recognised as an asset if certain criteria are met. Any capitalised contract costs assets must be amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. The Company uses straight-line method in amortising contract cost. The term is dependent upon the specific contract to which the contract cost relates.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets held by the Company are classified, at initial recognition, as either financial assets at fair value through profit or loss or financial assets measured at amortised cost. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial liabilities owed by the Company is classified, at initial recognition, at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Trade and other receivables

Trade and other receivables are generally financial assets measured at amortised cost under IFRS 9 and recognised when it is probable that a future economic benefit will flow to the Company. Trade and other receivables are carried at original invoice amount (deemed as the fair value by management) less any provisions for impairment. For trade receivables, the Company applies a simplified approach in calculating expected credit loss (ECL). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method, less impairment.

Trade and other payables

Trade and other payables are classified as financial liabilities measured at amortised cost under IFRS 9 and are recognised initially at fair value. After initial recognition, they are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.Accounting policies (continued)

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet 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.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Pension costs

The company operates a defined contribution pension scheme. For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Critical accounting judgements and potential uncertainties

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

Notes for the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

New standards, interpretations and amendments

Recently adopted accounting standards

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

	Reference	Increase/ (decrease)
Assets		£
Contract costs - current	1	497,105
Contract cost – non current	1	382,033
Other receivables – non current	1	(681,647)
Trade and other receivables	1	(638,847)
Total assets	2	(441,356)

Notes for the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

IFRS15 Revenue from Contracts with Customers (continued)

Liabilities		
Contract liabilities – current	3	5,381,689
Contract liabilities – non current	3	7,970,770
Trade and other payables	3	(5,381,689)
Accruals and deferred income	3	(7,970,770)
Total liabilities		-
Total adjustment on equity	2	(441,356)

The effect of adopting IFRS 15 as at 1 January 2018 was, as follows:

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. In prior year, all accruals and deferred revenue relates to contract liabilities which are more than one year.

The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

		Amounts prepared under		
	Adjustments	IFRS 15 £	Previous IFRS £	Increase/ (decrease) £
Assets				
Trade and other receivables	(1)	6,752,406	8,072,860	(1,320,454)
Contract cost - current	(1)	460,022	-	460,022
Contract cost – non current	(1)	312,386	-	312,386
Net profit	(2)	(779,385)	(886,075)	106,690
Equity - opening	(2)	831,897	390,541	441,356
Total		7,577,326	7,577,326	-

2. Accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers

(continued)

		Amounts prepared under		
	Adjustments	IFRS 15 £	Previous IFRS £	Increase/ (decrease) £
Liabilities				
Trade and other payables	(3)	9,026,257	14,167,366	(5,141,109)
Accruals and deferred income – non current	(3)	-	7,488,503	(7,488,503)
Contract liabilities – current	(3)	5,141,109	-	5,141,109
Contract liabilities – non current	(3)	7,488,503	-	7,488,503
Total liabilities		21,655,869	21,655,869	-

The nature of these adjustments is described below:

(1) Reclassification of (i) rebates paid to Developers related to membership renewals and (ii) call center incentives in relation to membership renewals services. These costs were previously included within trade and other receivables and other receivables non-current and are now included within contract costs.

(2) Prior to the adoption of IFRS 15 certain costs were capitalized, these being (i) postage costs related to the distribution of Travel brochures to members;(ii) Credit card commissions paid to card processors related to members paying renewals by credit card. Upon adoption of IFRS 15, management have re-assessed this policy and these costs are now expensed when incurred.

(3) Reclassification of revenues related to future periods (deferred revenue) to contract liabilities. In prior year, the current portion of deferred revenue was included under trade and other payables, while the noncurrent portion relates to accruals and deferred revenue.

The company applied the below practical expedients when applying IFRS 15 retrospectively under IFRS 15.C3(a)–

a. For completed contracts, an entity did not restate contracts that begin and end within the same annual reporting period; or are completed contracts at the beginning of the earliest period presented.

b. For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue (see IFRS 15.120).]

c. The entity elects to use the practical expedient in IFRS15.63 regarding the existence of a

significant financing component.

Notes for the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

IFRS15 Revenue from Contracts with Customers

(continued)

Contract costs

Under IFRS 15, the incremental costs of obtaining a contract and certain costs to fulfill a contract to be recognised as an asset if certain criteria are met. In line with IFRS 15, the Company capitalised rebates and call center incentives which are specifically related to membership contracts.

Before adoption of IFRS 15, the Company has already recognised these costs to fulfill a contract based on relevant standards (e.g. Property, plant and equipment and Inventories). For costs not covered by these relevant standards, the Company has recognised them as Other receivables under Trade and other receivables account as it expects these costs to be recovered.

Therefore, upon adoption of IFRS 15, the Company reclassified £638,847 from trade and other receivables and £681,647 from long term debtors to contract costs current portion £497,105 and non-current portion £382,033 and adjustment to opening equity amounting to £441,356 as at 1 January 2018. Management reassessed its accounting policy and have decided to expense certain cost such as postages and credit card commissions. This resulted in an adjustment to opening equity balance of £441,356.

Additional Contract costs were capitalised in 2018 of £239,586 and the amount amortised was £346,316.

As at 31 December 2018, IFRS 15 contract costs stands at £772,408, net profit declines by £106,690 and trade and other receivables decreased by £1,320,454.

Contract liability

In certain cases, the Company receives short-term advance payment from its customers prior to the performance of goods or service. This mainly relates to membership revenue which is recognised over a period of time. Upon receipt of cash, the company recognised deferred revenue and amortised this over the life of the membership. Membership contracts can be for a period of one to five years.

Before the adoption of IFRS 15, the Company presented these advances as Deferred income under Trade and other payables in the balance sheet.

Under IFRS 15, a contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Upon adoption of IFRS 15, the Company reclassified £5,381,689 from trade and other payables and £7,970,770 from accruals and deferred income to contract liabilities as at 1 January 2018.

Additions to contract liability in 2018 of £6,210,805 with revenues recognized I the year of £6,933,652.

As at 31 December 2018, IFRS 15 trade and other payables decreased by £5,141,109 and accruals and deferred income has a nil balance.

2. Accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39.

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Company has applied the simplified impairment model to recognise lifetime expected credit losses of trade receivables and contract assets. The adoption has not had a significant impact on the Company.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

2. **Accounting policies (continued)**

Standards issued but not yet effective (continued)

Effective for annual periods (and interim periods therein) ending 31 December 2018 and thereafter	Effective date (annual periods beginning on or after)
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 Employee Benefits- Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle - IFRS 3 Business Combinations - Previously held Interests in a joint operation	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle - IFRS 11 Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle - IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle - IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	1 January 2019
Amendments tò IFRS 3 - Definition of a Business	1 January 2020
Amendments to IFRS 3 - Definition of a Business	1 January 2020
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 10 Consolidated Financial Statemebts and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed – to be confirmed

The Directors are currently evaluating the impact of these standards that are not yet mandatory on the Company's financial statements. Early adoption is not planned and all the standards will be adopted on their effective dates.

2. Accounting policies (continued)

Impairments

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Turnover

The turnover for the year relates to the principal activity of the company which is the provision of services to the timeshare industry. Turnover is derived from continuing activities, comprising membership, exchange and getaway fees, administrative and other charges earned during the normal course of business and is stated net of value added tax.

The company does not enter into any financing arrangements with it's members.

The geographical analysis of the company's revenue for the year from continuing operations is as follows:

	2018	2017
	£	£
United Kingdom	6,096,310	6,288,640
Europe	5,503,067	5,610,662
Rest of the world	6,914,126	7,908,705
	18,513,503	19,808,007

The analysis of the company's revenue's for the year by timing of recognition is as follows:

	2018	2017
	£	£
Point in time recognition	11,278,732	12,597,160
Over time recognition	7,234,771	7,210,847
	18,513,503	19,808,007

4. Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	360,686	164,345
Profit on disposal of fixed assets	(85,000)	(35,000)
Operating lease expense - land and buildings	310,520	384,467
Operating lease expense - plant and machinery	23,234	23,204
Foreign exchange losses/(gain)	(47,307)	698,840

5. Interest receivable and similar income

	2018 £	2017 £
Bank interest receivable	69,618	26,396
Other interest	36,959	108,168
	106,577	134,564

6. Interest payable and similar charges

	2018 £	2017 £
Other finance costs	35,606	55,428

7. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	3,587,513	3,517,876
Social security costs	406,576	372,349
Pension costs	83,645	70,117
	4,077,734	3,960,342

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration	87	89

8. Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	123,472	106,793

9. Directors' remuneration

The directors' remuneration for the year was as follows:

	2018	2017
	£	£
Remuneration	10,504	-

	2018	2017
	£	£
Company contributions to money purchase pension schemes	-	-

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018	2017
	No.	No.
Accruing benefits under money purchase pension scheme	-	-

Notes for the financial statements for the year ended 31 December 2018

10. Taxation

Tax on profit on ordinary activities

The tax is made up as follows:

	2018 £	2017 £
Current taxation		
UK corporation tax	333,554	256,316
Adjustments in respect of prior years	61,853	(148,958)
Total current income tax	395,407	107,358
Deferred taxation		
Arising from origination and reversal of temporary differences	16,465	(6,413)
Adjustments in respect of prior periods	7,869	(1,065)
Effect of changes in tax rates	(1,733)	2,393
Total deferred taxation	22,601	(5,085)
Tax on profit on ordinary activities	418,008	102,273
Tax on comprehensive income	9,917	(16,166)

Notes for the financial statements for the year ended 31 December 2018

10. Taxation (continued)

The tax assessed for the year is lower than the expected tax charge at the standard rate of corporation tax in the UK for the year of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £		2017 £
Profit on ordinary activities before taxation	1,197,393		1,006,486
Corporation tax at standard rate	227,505	19%	193,749
Expenses not deductible for tax purposes	98,398	1%	12,842
Transfer pricing adjustments	42,351	1%	43,312
Effects of group relief/ other reliefs	(2,565)		-
Share options	(11,125)	(1%)	-
Difference in current and deferred tax rates	(1,733)		2,393
Prior period adjustment	65,177	(3%)	(150,023)
Total tax for the year	418,008	17%	102,273

Factors that may affect future tax charges

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016. As all rate reductions were substantively enacted at the balance sheet date, deferred tax has been recognised at the applicable rates when timing differences are expected to reverse

Deferred tax

	2018 £	2017 £
At 1 January	53,790	32,539
Deferred tax credited/(charged) to the profit and loss account	(14,733)	6,413
Credited to other comprehensive income	5,881	18,560
Adjustments in respect of prior periods	(23,666)	1,065
Effect of tax rate change to profit and loss account	-	(2,393)
Effect of tax rate change to other comprehensive income	-	(2,394)
At 31 December	21,272	53,790

	2018 £	2017 £
Capital allowances in excess of depreciation	(14,351)	(1,577)
Short term timing differences	35,623	55,367
Deferred tax asset (note 14)	21,272	53,790

11. Tangible fixed assets

	Short-term leasehold £	Furniture, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	928,940	846,900	1,645	56,163	1,833,648
Additions	9,619	81,047	-	-	90,666
Disposals	(85,000)	(3,094)	-	-	(88,094)
At 31 December 2018	853,559	924,853	1,645	56,163	1,836,220
Depreciation					
At 1 January 2018	537,918	580,872	1,110	52,828	1,172,728
Charge for the year	276,552	82,127	329	1,678	360,686
Eliminated on disposal	(85,000)	(1,970)	-	-	(86,970)
At 31 December 2018	729,470	661,029	1,439	54,506	1,446,444
At 31 December 2018	124,089	263,824	206	1,657	389,776
At 31 December 2017	391,022	266,028	535	3,335	660,920

12. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2017 and 31 December 2018	72,935

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2018	2017
Interval International Ellas EPE	Non-trading	Greece	91%	91%
Interval International South Africa (Pty) Limited	Non-trading	South Africa	100%	100%

13. Stocks

	31 December 2018 £	31 December 2017 £
Publications	94,747	70,433

Inventories charged to cost of administrative expenses amounted to £369,012 in 2017 (2017: £404,803).

14. Trade and other receivables

	31 December 2018 £	31 December 2017 £
Current		
Trade receivables	406,258	472,361
Amounts owed by group undertakings	5,051,092	4,713,879
Prepayments and others	1,062,918	1,201,558
Other receivables	210,866	158,912
Deferred tax asset (note 10)	21,272	53,790
	6,752,406	6,600,500
Non-current		
Other receivables	1,033,649	793,837

The amounts owed by other group companies are unsecured, interest free and repayable on demand.

15. Trade and other payables

	31 December 2018 £	31 December 2017 £
Trade payables	143,755	33,676
Other payables	3,297,571	8,991,142
Amounts owed to group undertakings	4,390,713	3,857,331
Social security and other taxes	1,189,756	1,164,555
Bank overdrafts	4,462	2,078
	9,026,257	14,048,782

The amounts owed to other group companies are unsecured, interest free and repayable on demand.

Notes for the financial statements for the year ended 31 December 2018

16. Contract Cost and Contract Liabilities

	2018	207
Contract cost – current	460,022	-
Contract costs – non-current	312,386	-
Contract liabilities - current	5,141,109	-
Contract liabilities –non-current	7,488,503	-

Contract liabilities include advances received from its customers prior to the performance of membership revenue. In prior year, then current portion of contract liabilities amounted to £5,381,689 is included within trade and other payables. The non- current portion of contract liabilities which amounted to £7,970,779 is shown as accruals and deferred income.

There are no balances in prior year for contract assets and liabilities as the Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. However, assuming 2017 balances are considered, the increase in balances in contract assets and liabilities are due to the continuous increase in the Company's customer base.

Contract costs primarily relates to costs of acquiring contracts. A portion of contract costs is falling due after one year amounting to £312,386.

17. Provisions for liabilities

	Dilapidations £
At 1 January 2018	130,000
Additions during the year	
Released during the year	(85,000)
At 31 December 2018	45,000

Dilapidations

A provision has been recognised for dilapidations relating to obligations under a lease for a leasehold building which will be payable at the end of the lease term. The amount released related to dilapidations provisions for a leasehold building for which the provision is no longer required.

18. Obligation under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	Land and building £	2018 Plant and machinery £	Land and building £	2017 Plant and machinery £
Within one year	-	-	16,308	-
In two to five years	858,713	55,504	-	87,723
More than five years	-	-	1,393,302	-
	858,713	55,504	1,409,610	87,723

19. Called-up share capital

Authorised, allotted, called-up and fully paid shares

		2018		2017
	No.	£	No.	£
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

The company has only one class of shares which carry no right to fixed income.

20. Share-based payments

Following the spin-off from IAC on 21 August 2008, under the ILG Inc. 2008 Stock and Annual Incentive Plan ("the Plan"), certain employees including directors hold Restricted Stock Units (RSUs). RSUs are awards in the form of shares or units, denominated in an equivalent number of shares of IILG common stock and with the value of each RSU equal to the fair value of IILG common stock at the grant date. Under the terms of the Plan upon vesting, employees will have the opportunity to receive shares of IILG common stock.

Each restricted stock and RSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. Vesting of shares in relation to accrued expense will crystallise from 2019 onwards.

In 2018 Shares to the value of £374.396 (2017: £222,983) were issued to employees of Interval International Ltd.

Accounting for the RSUs is on an accruals basis and linked to the market value of RSUs outstanding at 31 December 2017 and issued within 12mths of the year end. The amount expensed in 2018 was £258,026 (2017: £240,463).

21. Contingent liabilities

During 2009, Interval recorded an accrual for Value Added Tax ("VAT") plus penalties and interest, based on judgement issued by the European Court of Justice against an unrelated party. The judgement affects companies who transact within the European Union ("EU"), specifically providers of vacation interest exchange services, and altered the manner in which the Membership and Exchange segment accounts for VAT on its revenues as well as to which EU country VAT is owed. As of December 31,2018 Interval had accrued £106,000 (2017: £101,000), related to this matter. The increase of £5,000 in the provision relates to updates of the periods for which VAT is due, the estimated rate of VAT, penalties and interest applicable as well as the effect of foreign currency remeasurements. Because of the uncertainty surrounding the ultimate outcome and settlement of these VAT liabilities, it is reasonably possible that future costs to settle these VAT liabilities may range from £106,000 up to approximately £151,000. Interval believes that the £106,000 accrual at December 31, 2018 is our best estimate of probable future obligations for the settlement of these VAT liabilities. The difference between the probable and reasonably possible amounts is attributable to the assessment of certain potential penalties and the application of statutes of limitations.

22. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

As a wholly-owned subsidiary and qualifying entity the company has taken advantage of the exemption in FRS 101 “Related Party Disclosures” from disclosing transactions with other wholly-owned members of the group.

During the year the company entered into transactions with VRI Europe Limited (VRIE), a related company that was not a wholly owned member of the group but which ceased to be a member of the group on 21st December 2018. These transactions during the period up until 21st December 2018 related to a) the provision of management services to the company and amounted to £392,782 (2017: £344,336) and b) payments made by the company on behalf of VRIE and cross charged of £11,505 (2017: £8,212).

Terms and conditions of transactions with related parties
Services rendered and purchases between related parties are made at normal market prices. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany financial statements with no specified credit period. The company has not provided or benefited from any guarantees for any related party receivables or payables. During the period ended 31 December 2018, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2017:nil).

23. Parent and ultimate parent undertaking

The company's immediate parent is Interval UK Holdings Limited.

The ultimate parent undertaking, controlling party and the largest group in whose financial statements the company is consolidated is Marriott Vacation Worldwide Corporation, incorporated in the United States of America. The smallest group in whose financial statements the company is consolidated is IIC Holdings Inc.. Copies of the financial statement of Marriott Vacation Worldwide Corporation can be obtained from: 6649 Westwood Blvd Suite 500, Orlando, FL32821, USA.

On 1st September 2018 the Company’s ultimate parent undertaking, ILG Inc, was acquired by Marriott Vacation Worldwide Corporation.