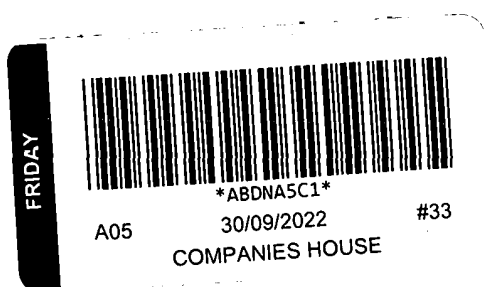


REGISTERED NUMBER: 04217916 (England and Wales)

Skyscanner Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2021



Skyscanner Limited

**Contents of the Annual Report and Financial Statements
For the Year Ended 31 December 2021**

	Page
Company Information	1
Strategic Report	2
Directors' Report	7
Independent Auditor's Report to the Members of Skyscanner Limited	12
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18

Skyscanner Limited

**Company Information
For the Year Ended 31 December 2021**

Directors:	James Jianzhang Liang John Mangelaars Jane Jie Sun Xiaofan Wang Xing Xiong
Secretary:	Martin Nolan
Registered office:	Floor 11, Regent's Place 338 Euston Road London NW1 3BT United Kingdom
Registered number:	04217916 (England and Wales)
Independent auditor:	PricewaterhouseCoopers LLP 144 Morrison Street Edinburgh EH3 8EX United Kingdom

Skyscanner Limited**Strategic Report
For the Year Ended 31 December 2021**

The Directors present their Strategic Report for Skyscanner Limited ('the Company') for the financial year ended 31 December 2021.

BUSINESS MODEL

The Company owns and operates an integrated online travel meta search service connecting travellers with travel service providers around the world. The Company derives substantially all of its revenue from:

- Commissions earned from facilitating the booking of flight, hotel and car hire services;
- Commissions earned from facilitating click through of visitors to our flight, hotel and car hire partner websites; and
- Display advertising based on number of impressions.

BUSINESS REVIEW

The Directors use Key Performance Indicators ('KPIs') to monitor and assess Company performance, as follows:

	2021	2020
Funnel sessions ('000) ¹	832,460	942,253
Revenue (£'000)	114,022	102,652
Net assets (£'000)	41,630	103,451

Funnel sessions have decreased by around 12% while revenue has increased by 11%, compared to the prior year. Flight meta search continues to be the Company's largest revenue stream representing 74% of the Company's revenue. In 2021, revenue from the Company's hotel, car hire and advertising products has contributed 21% (2020: 19%) of overall revenue in the financial year, whilst Business to Business ('B2B') partnerships and other services generated 5% of revenue (2020: 3%). While net assets have reduced by 60% when compared to the prior year driven by an increase in amounts due to related parties of £232,787k (2020: £137,740k) and bank debt of £15,001k (2020: nil).

The COVID-19 pandemic has continued to have a significant impact on the business and the Company's results during 2021. Significant global travel restrictions have impacted the Company's ability to fully deliver its core products and generate revenue. At the start of 2022 there has been a recovery in demand as travel restrictions eased. The Directors continue to monitor the situation closely, to mitigate the impact of operational and financial risks where possible. Throughout the pandemic the Directors took numerous cost reduction actions, with the intention of reducing losses and cash outflows. The Directors remain confident that revenue growth generated at the start of 2022 will be sustained as restrictions continue to be lifted globally.

As part of their assessment of going concern, the Directors have considered the current environment, the funding and liquidity position of the Company in order to determine the appropriateness of preparing the financial statements on a going concern basis. Management has produced forecasts using a range of scenarios including a severe but plausible downside scenario, where it is assumed that the travel industry will continue to be affected and that it will not return to pre-pandemic levels for 2 to 4 years.

The Group's forecasts and projections, taking account of the financial impact of the COVID-19 pandemic, the war in Ukraine and the increase of interest rates and inflation as well as management estimates around the speed of recovery, indicates that the Group will return to profitability and be cash generative within 12 months after the balance sheet date.

After making enquiry and having assessed the principal risks and all other available information, the Directors are satisfied that the Company will be able to remain in operation for a period of at least 12 months from the date of signing these financial statements. At 31 December 2021, the Company's financial position was in a net current liability position of £31,286k, therefore the parent company Skyscanner Holdings Limited will continue to provide support to the Company by not requesting payments for amounts due until the Company is in a position to repay its debts. The sensitivity analysis on the forecasts, indicate that the Company is able to continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern conclusion.

TAXATION

The Company had a tax credit of £18,729k (2020: £20,429k) for the year ended 31 December 2021. The effective tax rate for the year was 20% (2020: 19%). Note 9 to the financial statements provides further detail on the composition of the tax credit. The Company pays the taxes it is due to pay and avails itself of allowances it is entitled to.

¹ Funnel sessions consist of the number of sessions (user interactions on our website) that reach one of our travel funnels (flights, hotels or car hire).

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2021

TAXATION - CONTINUED

The Directors seek to operate under a policy of full transparency and co-operation with the tax authorities exhibiting transparent compliance in all countries in which the Company operates, disclosing all relevant facts in full, while seeking to build open and honest relationships in day-to-day interactions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company actively manages the business risks it is exposed to as part of its internal risk management and control framework. The key business risks relevant to the Company are set out below:

Industry trends

The Company's performance is linked to the health of the worldwide travel industry. Travel expenditure is sensitive to personal and business discretionary spending levels and tends to decline or grow more slowly during economic downturns. The economic climate or unforeseen events such as health epidemics, political and economic instability, terrorist incidents, regional hostilities, travel-related accidents and unusual weather patterns adversely affects the travel industry. Any future downturn in the industry could have a material adverse effect on the Company's business prospects, financial results and financial position.

In particular, the Company's revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes. Changes to the air travel industry, and the airline industry in particular could materially adversely impact the business prospects, financial results and financial position.

The global travel restrictions applicable in 2021 as a result of COVID-19 coronavirus have impacted the Company's ability to deliver its core products and generate revenue. The Company has taken mitigating actions to ensure that it has sufficient liquidity to endure an extended period of travel restriction and that the Company can continue as a going concern for at least 12 months from the date of signing these financial statements.

Our primary strategy for mitigation of this risk is the continual development of our product offering, capturing market share and reducing our reliance on any one market or product, combined with significant cost control measures, increasing our ability to withstand macroeconomic volatility.

Competition

The travel meta search industry specifically has a number of large global businesses competing for market share, with no single company currently dominating the space globally. If new entrants continue to enter the market with services which directly compete with those provided by the Company this may have an adverse effect on our financial results. However, one of the Company's differentiators is that it has hundreds of direct connections with online travel partners. This has taken over a decade to establish and means the Company is not as reliant on Global Distribution System ('GDS') data in the same way as many of our competitors. The establishment of these relationships represent a significant barrier to new entrants. In addition, we believe we offer a high quality product, focused on the traveller and offer a range of inventory, from a diversity of suppliers, at competitive prices. The Company aims to hire the best people and strive to remain ahead of the marketplace in terms of innovation in order to ensure that the Company remains competitive and continues to grow.

Website disruption

If the Company's systems are not expanded to handle increased demand from users of its platforms, or should such systems fail to perform, the Company's platforms may experience unanticipated disruptions in service, slower response times or decreased customer service. Any of these issues could impair the Company's reputation, damage the Skyscanner brand and have a material adverse effect on the Company's business prospects, financial results and financial position.

The Company's dedicated engineering team operates with the mission of building world class engineering at scale and ensures our systems are secure, efficient and robust. The team monitors the availability of Skyscanner's service 24 hours a day, 365 days a year. The Company utilises cloud-based hosting products to manage the system infrastructure to further reduce risk.

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Changing user habits

Users are changing the way in which they use technology products at an increasingly fast rate. Staying ahead of user trends and avoiding the risk of the Company's product offerings becoming obsolete is critical to the future success of the Company. For example, internet usage is high on mobile devices, so it is important that the Company ensures that its applications and other platforms are accessible and easy to use on such devices. Furthermore, with the shift to mobile, users may use the Company's platforms on their devices to access scheduling and pricing data but may be reluctant to click through to the websites of travel providers to make a booking due to the increased difficulty of inputting information on smaller screen sizes or because of security concerns. There is also an added risk that the platforms of the Company's partners may not be optimised for mobile devices, causing the number of bookings made with such partners, following a referral from the Company to decrease, resulting in a consequential decrease in the referral fees the Company might have otherwise received from its partners had such bookings been made. This is an industry wide challenge.

Any failure of the Company to evolve to meet the needs, expectations and likes of travellers or any failure to do so in a cost-effective way could have a material adverse effect on the Company's business prospects, financial results and financial position.

The Company is not complacent about these challenges and knows the future of its business rests on its ability to be ever more useful to travellers. The Company aims to mitigate this risk through continual analysis of user data and market trends, as well as user testing of new products and services to develop its products.

The Company invests in the recruitment of high quality talent who are responsive to the needs of our users and product responsibility is devolved through an organisational squad model which allows for rapid testing and release.

Brand image and reputation

The Company's success and results are dependent in part on the strength and reputation of the Company and its brand. The Company and its brand are exposed to the risks of litigation, misconduct by employees and others, significant adverse publicity attached to the Company's business or that of partners which appear on the Company's platform, operational failures, allegations or determinations that the Company has failed to comply with regulatory or legislative requirements, the outcome of regulatory or other investigations or actions, market forces, and negative press speculation or social media comment, whether or not founded, that could damage its brand and reputation. Any damage to the Company's brand and reputation could cause existing customers, users, partners or intermediaries to withdraw their business from, or restrict their business with the Company. Such damage to the Company's brand or reputation could cause disproportionate damage to the Company's business, even if the negative publicity is factually inaccurate or unfounded. Furthermore, negative publicity could result in greater regulatory scrutiny and could influence market perception of the Company.

The occurrence of any of these events could have a material adverse effect on the Company's business, prospects, financial results and financial position.

The Directors are acutely aware of the trust travellers place in the Company's platform and this is not taken lightly. In order to manage the associated risk, our finance and legal teams work together to ensure that the Company complies with laws and regulations in all of the jurisdictions in which the Company operates. Above all, the Company strives to maintain a culture which promotes doing the right thing for the traveller which is grounded in trust and transparency.

Regulatory environment

The Company's services as a business, on both a Business to Business ('B2B') and Business to Consumer ('B2C') basis are subject to various laws and regulations in the jurisdictions in which the Company operates including a number of new and emerging laws affecting digital platforms. The competition authorities in some of our operating regions monitor competitive practices within the online travel industry and have previously conducted investigations relating to its competitors. The Directors believe that it provides valuable choice to consumers and therefore contribute positively to competition in the markets it operates in. Consumer protection authorities in many of the markets the Company operates in, take an active role in scrutinising the online travel sector including online sales and marketing of hotels. The Company actively seeks to drive the best behaviours for our travellers and to comply with global sanctions frameworks.

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Regulatory environment – continued

In addition, the Company's strategy involves geographic expansion which will increasingly expose it to vastly different regulatory environments and tax laws. In this context the Company may experience unforeseen legal, regulatory or tax consequences which may have both favourable and adverse effects on the business in the future. Furthermore, the proposals announced by numerous countries to introduce Digital Services Taxes created additional tax compliance challenges and costs.

In order to manage the associated risks our finance, legal and public affairs teams actively monitor and react to the changing legal, regulatory and tax compliance challenges as they emerge and progress through legislative processes. The Company prides itself on transparency and maintaining an open dialogue with regulators in the locations in which it operates.

The business could be negatively affected by changes in internet search engine algorithms

The Company uses certain internet search engines to generate a significant portion of traffic to the Skyscanner website. The pricing and operating dynamics on these search engines can experience rapid change commercially, technically and competitively such that the placement of links to the websites can be negatively affected and the Company's costs to improve or maintain our placement in search results can increase.

The Company aims to mitigate this risk through continual analysis of data with a focus on lead indicators. The Company invests in the recruitment of specialist talent who are responsive to changes in the internet search environment and product responsibility is devolved through the organisational structure which allows for rapid response to any threats to its online marketing model. The Company also invests resources in expanding its growth channels to reduce reliance on any one source of traffic.

SECTION 172 STATEMENT

The Company is required to give a statement which describes how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty to promote the success of the Company.

The Directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with partners, travellers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Company.

The successful delivery of the Company's strategy requires the Company to conduct business in a manner that benefits travellers and protects the Company's trusted marketplace reputation, while continuing to deliver shareholder value and prudently managing risks inherent in the travel business. In setting and updating this strategy, the Directors' duties under section 172 of the Companies Act 2006 have been considered.

The Directors strongly believe that effective and meaningful engagement with colleagues, travellers, partners and suppliers and other stakeholders is key to achieving the Company's vision to help travellers explore the world effortlessly for generations to come, and as a result ensure the long-term success of the Company. Following are the details of the Company's key stakeholders and how it engages with them:

Travellers

Understanding travellers' changing needs and behaviours helps the Company to achieve its traveller first vision. Trust is important to customers and the Company measures this and other customer engagement metrics with regular customer surveys, market research and interaction across social media channels. Customers continue to place high importance on value for money and a seamless customer experience throughout the booking process. There is also a growing trend in ethical and sustainability concerns being a factor in traveller choices.

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2021

SECTION 172 STATEMENT – continued

Employees

The Company can deliver its strategy only if it recruits, trains, and retains the best employees and develop a flexible, motivated, efficient, diverse and engaged team. The Directors actively seek employee inputs on matters that impact them and the performance of the Company, as well as encouraging responses as part of the Company's annual engagement survey, the results of which are cascaded to individual teams and form the basis of strategic action plans. Business and performance updates are circulated frequently to all employees, and colleagues are encouraged to ask direct questions of the CEO and management team at regular town hall internal briefings. Employees benefit from a broad range of staff benefits, including the ability to participate in Group-wide incentive and option programmes that are linked to the Company's performance.

Communities and the Environment:

The Company's vision is to help every traveller explore the world effortlessly for generations to come. The Company is committed to making a positive contribution to the communities within which it operates, including through payment of taxes, reducing its environmental impact and creating employment opportunities. The Directors are also committed to reducing the Company's environmental impact. The Company's 'Greener choice' label on search results highlights flights that emit less Carbon Dioxide ('CO2') and it has already helped more than 10 million travellers select the lowest emissions flight for their route. Working with the Duke of Sussex and other industry leaders, the collective working group formed Travalyst, a global initiative which aims to protect and preserve the environment while enabling local communities to take advantage of the direct economic benefits of travel. The Company also buys sustainable aviation fuel to offset corporate travel emissions having founded a leading project in the Netherlands to develop sustainable aviation fuel. The Company also signed the Glasgow declaration for net zero at COP26.

Partners and Suppliers

The Board actively fosters strong supplier relationships, insisting that all partners are treated fairly and ethically. The Company aims to maintain long-term relationships with its partners, with an internal department dedicated to managing partner success. The Company has open, constructive and effective relationships with all suppliers and meet regularly with material suppliers to provide both parties the opportunity to give feedback on successes, challenges and future roadmap. Payment policies, practice and performance are reported through the Governments Payment Practices Reporting portal.

Government and Regulators

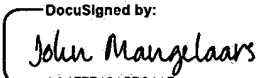
Governments and regulators play a central role in shaping the industry. The Company engages with governments and regulators directly and through trade associations, responding to issues of concern and providing expertise to support policy development. The Company has a dedicated public affairs team who lead a proactive and reactive engagement, principally in the United Kingdom, European Union and North America.

The Directors, both individually and together as a board, consider that the decisions taken during the year ending 31 December 2021 were in conformance with their duty under section 172 of the Companies Act 2006. The Board are assisted in considering key stakeholders as part of the decision making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by Directors.

SOURCES OF TRADING

The Company finances its activities through cash and working capital and through lending from its bankers and parent company. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Approved by the Board of Directors and signed on its behalf on 28 September 2022:

DocuSigned by:

AA4F771315B341F...
John Mangelaars
Director

Floor 11, Regent's Place
338 Euston Road
London
NW1 3BT
United Kingdom

Skyscanner Limited

Directors' Report For the Year Ended 31 December 2021

The Directors present their Annual Report on the affairs of the Company, together with the audited financial statements and independent auditors report, for the financial year ended 31 December 2021.

RESULTS AND DIVIDENDS

The Company's audited financial statements for the year ended 31 December 2021 are set out on pages 15 to 41. The Company made a loss after tax for the financial year of £72,897k (2020: £84,512k) and had net assets of £41,630k (2020: £103,451k) at 31 December 2021. The Directors do not propose a dividend payment for the year ended 31 December 2021 (2020: £nil).

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Company entered into additional property lease arrangement and extension of an existing arrangement. Initial recognition for these contracts results in an increase of right-of-use assets of £37,415k and increase of lease liability of £36,222k.

In January 2022, the Company increased the bank debt by £10m to £25m and extended the date of repayment to January 2023.

SHARE CAPITAL AND CONTROL

The issued share capital of the Company comprises a single class of ordinary shares of £0.01p each. As at 31 December 2021, the entire issued share capital of the Company was held by Skyscanner Holdings Limited ('SHL'). The ultimate parent company is Trip.com Group Limited ('Trip'), a company incorporated in the Cayman Islands.

GOING CONCERN

The Company's forecasts and projections, taking account of the financial impact of the COVID-19 pandemic, the war in Ukraine and the increase of interest rates and inflation as well as management estimates around the speed of recovery, indicates that the Company will return to profitability and be cash generative within 12 months after the balance sheet date. Sensitivity analysis have been performed on the forecasts to model a severe but plausible downside scenario where the recovery of the global travel market takes longer to fully recover back to pre-COVID levels, assuming a 2 to 4 year recovery. The sensitivity analysis on the forecasts as well as the continue support from the parent company, indicate that the Company is able to continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern conclusion.

CORPORATE GOVERNANCE AND DIRECTORS

The Company's governance structure includes accountability to key stakeholders as well as policies and management systems that contribute to efficient and effective operations. Improvements in good corporate governance have been continually focused upon and the Company aims to incorporate standards universally practiced. The Company is compliant with the requirements of the Sarbanes Oxley Act 2002 section 404 and maintains strong business processes and governance framework.

The Board has oversight responsibilities in preserving and enhancing the Company's long-term value for the stakeholders and oversees the Company's overall performance objectives, key organisational initiatives, financial plans and annual budget, major investments, financial performance reviews, risk management and corporate governance practices including on environmental and social matters. In order to discharge its responsibilities, the Directors have met regularly during 2021 to address key issues and review reports from designated committees and management.

DIRECTORS

The Directors who held office during the year, and up to the date of this report, were as follows:

James Jianzhang Liang
John Mangelaars (appointed on 15 March 2021)
Moshe Rafiah (resigned 12 November 2021)
Jane Jie Sun
Xiaofan Wang
Xing Xiong

SECRETARY

The Company Secretaries who held office during the year, and up to the date of this report, were as follows:

Robert Miller (resigned 1 July 2021)
Martin Nolan (appointed 1 July 2021)

Skyscanner Limited

Directors' Report For the Year Ended 31 December 2021

FINANCIAL INSTRUMENTS

The Company finances its activities through cash and working capital and through lending from its bankers and parent company. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, credit and liquidity risk. Information on how these risks arise is set out below, as are the policies and processes for their management. Additional information about the Company's financial instruments' policies and processes can be found in Note 2 to the financial statements.

FINANCIAL RISK MANAGEMENT

The Company manages financial risk so as to minimise non-operational volatility in profitability and cash flow. The key financial risks relevant to the Company and the policies for managing them effectively are set out below.

Liquidity risk

The Company manages liquidity risk by closely monitoring cash flow performance and forecasting cash flow for future periods. Adequate cash reserves are maintained in order to support the future growth of the business.

Foreign exchange risk

The Company operates in different geographies and as a result is subject to the risks associated with dealing in foreign currency. The Company's foreign exchange exposure is monitored and managed by the treasury team.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of assessing the credit worthiness for each partner it works with. The Company's exposure is continually monitored by the credit control team and credit insurance is used to mitigate exposure to risk.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

In respect of all its suppliers, it is the Company's policy:

- to settle the terms of payment with those suppliers when agreeing the terms of each transactions;
- to ensure that the suppliers are made aware of the terms of payment; and
- to abide by the terms of payment.

STAKEHOLDER MANAGEMENT

The long-term success of our business relies on the way the Directors fulfil their responsibilities to its stakeholders by taking into account the need to foster the company's business relationships with its stakeholders as well as the impact our operations have on our local communities and wider society.

Information on how the Directors foster the Company's business relationships with suppliers, travellers, partners and employees and others can be found in the Strategic Report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of an employee becoming disabled every effort is made to ensure that their employment with the Company continues. As far as it is possible, the training, career development and promotion of disabled employees at the Company does not differ from that of other employees. The Company complies in all material respects with prevailing legislation and good practice.

EMPLOYEE INVOLVEMENT

A great deal of effort is devoted to engaging with employees on matters that impact them and the performance of the Company. This includes regular business and performance updates by members of the management team for all employees, frequent internal briefings and team meetings, and the circulation to employees of Company announcements and developments. All employees are invited to participate in the employee engagement survey in order to help assess the overall engagement levels of employees. The results of the employee engagement surveys are analysed and initiatives implemented to address matters identified in the surveys.

The Directors actively encourage the participation of employees in the performance and success of the business, through Group-wide incentives and share options programmes that are linked to the Group's performance.

Skyscanner Limited**Directors' Report
For the Year Ended 31 December 2021****EQUAL OPPORTUNITIES**

The Company is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which seek to promote entry into and progression within the Company. Appointments are determined solely by application of job criteria, personal ability, behaviour and competency. We recently published our gender pay information and initiatives to support inclusion and diversity and this information is available on our website.

RESEARCH AND DEVELOPMENT

The Company undertook research and development work during the year. This includes but not limited to development of employee enablement tools, mobile applications, general product enhancement and optimisation of the site for mobile devices.

OVERSEAS BRANCHES

The Company has one branch, as defined in section 1046(3) of the Companies Act 2006, in Dubai, United Arab Emirates.

POLITICAL CONTRIBUTIONS

The Company made no political donations during the year (2020: £nil).

FUTURE DEVELOPMENT

The Company's mission is to help travellers plan and book their trip with ease and confidence using technology to make the complex simple. The Company is confident in the global strategy underpinning this objective and believes that it can continue growing headcount, unique visitors, funnel sessions and revenue in the coming year and beyond.

DIRECTORS' LIABILITIES

The Company has maintained throughout the year a directors' and officers' liability insurance for the benefit of the Company, the Directors and its Officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

GREENHOUSE GAS EMISSIONS AND ENERGY

	2021	2020
	kWh	kWh
Energy consumption used to calculate emissions	2,053,953	5,157,273
Energy consumption breakdown		
Grid Electricity	697,596	632,993
Natural Gas	1,129,555	2,978,873
Company Air Travel (Short Haul)	69,907	555,945
Company Air Travel (Long Haul)	147,090	952,273
Company Land Travel (Train)	4,913	35,372
Company Travel Accommodation	273	1,817
Refunded Mileage	4,619	-
	2021	2020
	CO₂e	CO₂e
Scope 1: Emissions in metric tonnes		
Natural Gas	206.89	606.92
Scope 2: Emissions in metric tonnes		
Grid Electricity	148.12	147.58
Scope 3: Emissions in metric tonnes		
Electricity T&D	13.11	12.69
Company Air Travel (Short Haul)	18.24	145.02
Company Air Travel (Long Haul)	38.37	248.41
Company Land Travel (Train)	1.24	9.04
Company Travel Accommodation	6.58	30.23
Refunded Mileage	1.14	-
Total Gross emissions in metric tonnes	433.69	1,199.89

Skyscanner Limited**Directors' Report
For the Year Ended 31 December 2021****GREENHOUSE GAS EMISSIONS AND ENERGY**

	2021	2020
Intensity Ratio t CO₂e revenue (£m)	3.75	19.59
Intensity Ratio t CO₂e Employee FTE	0.54	1.30

Intensity measurement

The chosen intensity measurement ration is £m revenue and full time equivalent ('FTE') employees.

Quantification and reporting methodology

We have followed 2019 HM Government *Environmental Reporting Guidelines* in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements. The Department for Environment, Food & Rural Affairs ('DEFRA') issued *Greenhouse gas reporting: conversion factors 2021* conversion figures for carbon dioxide equivalent ('CO₂e') which were used along with the fuel property figures to determine the kWh content for grey fleet.

Materiality

The Company is reporting all the required fuel sources as per SECR requirements. Estimations for grey fleets, mileages were provided, and DEFRA fuel properties used to convert to kWh and tCO₂e.

Measures taken to improve energy efficiency

The reduction in the Company's energy consumption and carbon emissions between 2020 and 2021 were largely down to the effects of the global pandemic on business activities. During early 2020, employees were still working in offices and travelling for business as normal which accounted for most of the natural gas consumptions and company travel for the year. During 2021, the majority of employees were still working from home full time and business travel was only permitted where necessary. Both of these actions have a large impact on the figures provided.

The Company continues to strive for energy and carbon reduction arising from its activities. During this reporting period the Company has:

- During the pandemic, the Company realised that employees can work productively from home, so the policy has been updated to allow employees to work from home more regularly than pre-pandemic. This reduced the commuting time and has allowed the offices to reduce their capacity resulting in lower energy consumption.
- Installation of a new heat pump and chiller system which has significantly reduced the costs and consumption of the London office.
- Energy Bureau Services, a consultant who regularly checks the usage to make sure there is no waste in the London office has been employed.
- Plantroom signage has been put up, so lights are turned off in the London office.
- Installed timers on air purifiers and floor lamps in Glasgow office.
- Installed timers on floors lamps in Edinburgh office.
- Creation of a sustainability team.
- Signatory to the Glasgow Declaration at COP26 to commit to halving emissions by 2030 and reaching Net Zero by no later than 2050.

INDEPENDENT AUDITOR

Each of the Directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Skyscanner Limited

**Directors' Report
For the Year Ended 31 December 2021**

DIRECTOR'S RESPONSIBILITIES STATEMENT

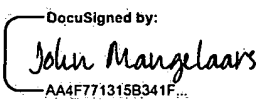
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework*, and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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. 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.

Approved by the Board of Directors and signed on its behalf on 28 September 2022:

DocuSigned by:

AA4F771315B341F...
John Mangelaars
Director

Floor 11, Regent's Place
338 Euston Road
London
NW1 3BT
United Kingdom

Independent Auditor's Report to the Members of Skyscanner Limited

Report on the audit of the financial statements

Opinion

In our opinion, Skyscanner Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Reporting on other information – continued

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Tax Legislation in each of the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation and instances of fraud
- Understanding of management's controls designed to prevent and deter irregularities
- Review of board minutes
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example unexpected accounting combinations impacting revenue.
- Incorporating into our testing plan procedures which are unpredictable in nature

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Responsibilities for the financial statements and the audit – continued

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 September 2022

Skyscanner Limited**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

		2021	2020
	Note	£'000	£'000
Revenue	3	114,022	102,652
Cost of sales		(54,499)	(66,417)
Gross profit		<u>59,523</u>	<u>36,235</u>
Marketing expenses		(8,412)	(14,400)
Administrative expenses		(135,368)	(129,953)
Allowance for doubtful debts	14	(12,474)	(305)
Other operating income	5	7,512	5,868
Operating loss		<u>(89,219)</u>	<u>(102,555)</u>
Interest receivable and similar income	6	3,164	1,380
Interest payable and similar expenses	7	(5,571)	(3,766)
Loss before tax	8	<u>(91,626)</u>	<u>(104,941)</u>
Tax credit	9	18,729	20,429
Loss for the year		<u>(72,897)</u>	<u>(84,512)</u>
Exchange loss		-	(1,288)
Other comprehensive loss for the year net of tax		-	(1,288)
Total comprehensive loss for the year		<u>(72,897)</u>	<u>(85,800)</u>

The Notes on pages 18 to 41 form part of these financial statements.

Skyscanner Limited**Statement of Financial Position
For the Year Ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	10	9,445	9,842
Tangible asset	11	1,719	4,082
Investments in subsidiaries	12	44,539	38,334
Deferred tax asset	13	41,652	21,141
Right-of-use assets	22	8,622	19,251
		<u>105,977</u>	<u>92,650</u>
Current assets			
Trade and other debtors	14	231,662	185,915
Cash at bank		20,539	38,860
		<u>252,201</u>	<u>224,775</u>
Total assets		<u>358,178</u>	<u>317,425</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(262,136)	(153,905)
Bank loans	16	(15,001)	-
Lease liabilities	22	(6,350)	(11,450)
Net current (liabilities)/assets		<u>(31,286)</u>	<u>59,420</u>
Total assets less current liabilities		<u>74,691</u>	<u>152,070</u>
Non-current liabilities			
Creditors: amounts falling due after one year	17	(27,606)	(34,739)
Lease liabilities	22	(2,456)	(11,324)
Provisions	18	(2,999)	(2,556)
Net assets		<u>41,630</u>	<u>103,451</u>
Capital and reserves			
Share capital	20	16	16
Share premium		4,396	4,396
Merger reserves		302	302
Profit and loss account		36,916	98,737
Total shareholder's funds		<u>41,630</u>	<u>103,451</u>

The Notes on pages 18 to 41 form part of these financial statements.

The financial statements from page 15 to 41 of Skyscanner Limited (Registered number: 04217916) were approved and authorised for issue by the Board of Directors on 28 September 2022 and signed on its behalf by:

DocuSigned by:

John Mangelaars
AA4F771315B341F...

John Mangelaars
Director

Skyscanner Limited**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Share capital £'000	Share premium £'000	Merger reserves £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	16	4,396	302	-	98,737	103,451
Loss for the year	-	-	-	-	(72,897)	(72,897)
Total comprehensive loss	-	-	-	-	(72,897)	(72,897)
Capital contribution from parent	-	-	-	-	3,554	3,554
Capital contribution from ultimate parent	-	-	-	-	7,522	7,522
At 31 December 2021	16	4,396	302	-	36,916	41,630
At 1 January 2020	16	4,396	302	1,288	173,776	179,778
Loss for the year	-	-	-	-	(84,512)	(84,512)
Other comprehensive loss for the year	-	-	-	(1,288)	-	(1,288)
Total comprehensive loss	-	-	-	(1,288)	(84,512)	(85,800)
Capital contribution from parent	-	-	-	-	8,077	8,077
Capital contribution from ultimate parent	-	-	-	-	1,396	1,396
At 31 December 2020	16	4,396	302	-	98,737	103,451

Called-up share capital

The balance classified as share capital includes the nominal value on issue of the Company's share capital, comprising 1,609,146 £0.01p ordinary shares.

Share premium

The balance classified as share premium includes the difference between the value of shares issued and their nominal value.

Merger reserve

The balance classified as merger reserve arose during the financial year ending 31 December 2018 when the Company acquired the share capital of Skyscanner Private Limited.

Profit and loss account

No dividends were proposed during the year (2020: nil). Capital contributions from parent and ultimate parent relate to the share-based payments granted to the employees of the Company.

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Skyscanner Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is shown on page 1.

The Company's principal activity is set out in the Strategic Report on pages 2 to 6. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt under section 401 of the Companies Act from preparing consolidated financial statements, because it is included in the group financial statements of Trip.com Group Limited and are available to the public and can be obtained online at <http://investors.trip.com>.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of Skyscanner Limited have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework*. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of property plant and equipment and intangible assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, related party transactions, leases, financial instruments, fair value measurement and capital management.

Going concern

As part of their assessment of going concern, the Directors have considered the current environment, the funding and liquidity position of the Company in order to determine the appropriateness of preparing the financial statements on a going concern basis. Management has produced forecasts using a range of scenarios including a severe but plausible downside scenario, where it is assumed that the travel industry will continue to be affected and that it will not return to pre-pandemic levels for 2 to 4 years.

The Company's forecasts and projections, taking account of the financial impact of the COVID-19 pandemic, the war in Ukraine and the increase of interest rates and inflation as well as management estimates around the speed of recovery, indicates that the Group will return to profitability and be cash generative within 12 months after the balance sheet date.

After making enquiry and having assessed the principal risks and all other available information, the Directors are satisfied that the Company will be able to remain in operation for a period of at least 12 months from the date of signing these financial statements. At 31 December 2021, the Company's financial position was in a net current liability position of £31,286k, therefore the parent company Skyscanner Holdings Limited will continue to provide support to the Company by not requesting payments for amounts due until the Company is in a position to repay its debts. The sensitivity analysis on the forecasts, indicate that the Company is able to continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern conclusion.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Foreign currency translation - continued**

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

Cash and cash equivalents

Cash and cash equivalents include deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price, plus any costs directly attributable to bringing the asset into operation. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation is charged to the profit or loss on a straight-line basis from the date that the asset was brought into use over the estimated useful lives of each part of a tangible asset.

The estimated useful lives are as follows:

Furniture, fixtures and fittings	3 – 5 years
----------------------------------	-------------

The residual value and useful life of each asset is reviewed at each financial year end and, if expectations differ from previous estimates, the changes are accounted for prospectively in the profit or loss in the period of the change and future periods. An increase in the residual value of an asset will decrease the depreciation charge for the period and future periods and vice versa.

The carrying value of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds less cost of sale with the carrying amount and are recognised in profit or loss.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Investment in subsidiaries

Investments are equity holdings in subsidiaries and are measured at cost less impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less any impairment.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Financial instruments – continued***Financial assets - continued**Recognition and measurement – Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised interest receivable and similar income in the profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit loss ('ECL') for trade debtors. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Financial instruments – continued***Impairment of financial assets – continued**(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considerations includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debt or that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (a) the financial instrument has a low risk of default;
- (b) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or, if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and has no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Financial instruments – continued***Impairment of financial assets – continued**(ii) Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Financial instruments – continued***Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are contracts, the values of which are derived from an underlying financial instrument and include foreign exchange forwards. The Company uses derivative instruments to hedge its risk associated with foreign exchange movements. All derivative hedging instruments are recorded in the Statement of Financial Position at fair value. The fair value of the foreign exchange forwards will be recorded at each reporting date and compared to the mark-to-market value of the derivatives supplied by the derivative counterparties. To the extent that a hedging relationship is effective, hedging gains or losses relating to the included component of the hedging instrument will be recognised in other comprehensive income and deferred in the cash flow hedge reserve in equity.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

*Lease liability**Initial recognition and measurement*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the Statement of Financial Position.

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liabilities and the right-of-use assets. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in administrative expenses.

As a practical expedient, IFRS 16 *Leases* permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Leases – continued***Subsequent measurement – continued*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation charge starts at the commencement date of the lease.

The Company applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired for any identified impairment loss as described in the impairment policy below.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is recognised in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit or loss.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost, as established at the date of acquisition less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to one group cash-generating unit ('CGU') that is expected to benefit from the combination. Annually the CGU is tested for impairment, or when an indicator of impairment arises. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is recognised in profit and loss. An impairment loss recognised for goodwill is not reversible in subsequent periods.

Taxation*Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity.

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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Taxation – continued***Deferred tax – continued*

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit or loss except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Recovery of deferred tax assets

Judgement is required to determine whether deferred tax assets are recognised in the Statement of Financial Position. Deferred tax assets including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable profits in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits are based on forecasted cash flows and judgement about the application of existing tax laws.

Internally generated intangible assets – research and development

An internally generated intangible asset arising from the Company's development work is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In practice it is difficult to demonstrate that all of the above criteria are fully met for ongoing projects where a degree of uncertainty exists. Therefore, the majority of development expenditure is expensed as it is incurred.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is charged to the profit or loss on a straight-line basis from the date that the asset was brought into use over the estimated useful life of the intangible asset. The estimated useful life for intangible assets is 4 years or less.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duty.

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Summary of significant accounting policies – continued

Revenue – continued

The following specific recognition criteria must be met for each revenue type before revenue is recognised:

Flight commission

Revenues from flight commission are recognised at the point the Company has performed its obligations under contract. Depending on the terms of the contract, this would either be at the point of redirect or at the point of booking.

Hotel and car hire commission

Revenues from hotel and car hire commission are recognised at the point the Company has performed its obligations under contract. Depending on the individual contract, this is either at the point of redirect or at the point of stay or hire.

Other services revenue

Revenue from other services rendered is recognised at the point the contractual service is provided to the end customer.

Advertisement

Revenue from display is recognised on the date the impression is delivered to the end user. This occurs when an end user makes a click on native-in-line displays or makes an impression on standard banner displays.

The Company assesses its customer contracts against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in its contracts with customers.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the profit or loss in the period during which services are rendered by employees.

Short-term benefits

Employee benefits are classified as short-term if they are expected to be settled wholly within 12 months from the reporting date. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The same approach is applied for longer term benefit plans except in those cases the liability is subject to discounting dependent on expected payment date.

Share-based payments

Where the Company's parent has granted rights to its equity instruments to the employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its non-current 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 establishes the recoverable amount of the smallest identifiable cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An 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. The recoverable amount is the higher of fair value less costs of disposal 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 and loss.

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.

Critical accounting judgements and key sources of estimation uncertainty*(a) Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recognition of deferred tax asset

The Company has recognised a deferred tax asset of £41,652k (2020: £21,141k). This asset has been recognised based on judgment that there is currently reasonably certainty around the future profitability of the Company. The Directors have considered the Company's current 5 year forecasts, which demonstrate utilisation of this deferred tax asset within this period.

If the level of taxable profit forecasted by the Directors were to reduce in future periods, the amount of deferred tax asset recognised could be reduced by a material amount, ranging from zero to the full amount recognised. Given the Company's past track record of profitability, the Directors consider the likelihood of this asset being reduced to the lower end of the scale as low.

*(b) Estimates and assumptions**Milestone bonuses*

When the Company was acquired by Trip a milestone bonuses was offered to employees of the Company. This bonus is dependent on the financial performance of the Company and meeting certain targets in relation to revenue and profitability within a set time period. Due to the impact of COVID-19 there is an increased uncertainty around the timing of when the targets will be met.

During 2021, a Long-term Incentive Plan was approved which included amendments to the milestone bonuses. The original prescribed time period has been removed and additional targets introduced.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****2. Summary of significant accounting policies – continued****Critical accounting judgements and key sources of estimation uncertainty – continued***(b) Estimates and assumptions – continued**Milestone bonuses – continued*

Management have estimated the future revenue and profitability of the Company based on a number of possible scenarios. These include returning to pre-pandemic revenues over a number of years ranging from 1 to 4 years. The key assumptions used in this estimate are the speed of recovery of revenue following the COVID-19 pandemic to revenues prior to the pandemic. At the balance sheet date, the accrual for milestone bonuses was £37,837k (2020: £32,296k). If the financial performance targets were met a year beyond the management's current estimate the accrual would increase profit before tax by £4,487k for the year ended 31 December 2021.

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

3. Revenue

Revenue recognised in profit or loss is analysed as follows:

	2021	2020
	£'000	£'000
Flight commission	84,424	79,614
Hotel and car hire commission	6,564	6,146
Advertisement	17,202	13,609
Other services	5,832	3,283
	<u>114,022</u>	<u>102,652</u>

4. Staff costs and Directors' remuneration

	2021	2020
	£'000	£'000
Wages and salaries	62,995	60,311
Defined contribution pension contributions	2,371	2,512
Share-based payments (Note 21)	10,683	9,110
Social security costs	8,643	8,532
	<u>84,692</u>	<u>80,465</u>

The monthly average number of people employed by the Company (including Directors) during the year, analysed by department, was as follows:

	2021	2020
	Number	Number
Development, operations and commercial	599	777
Administrative	150	164
	<u>749</u>	<u>941</u>

The Directors' remuneration was as follows:

	2021	2020
	£'000	£'000
Directors' remuneration	700	1,687
Share-based payments	-	3,984
Contributions to defined contribution pension plan	1	5
Social security costs	10	884
	<u>711</u>	<u>6,560</u>

The number of Directors accruing benefits under defined contribution plan is 1 (2020: 1). No Directors exercised options in the year (2020: 1).

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****4. Staff costs and Directors' remuneration - continued**

The above amounts for remuneration include the following in respect of the highest paid Director:

	2021	2020
	£'000	£'000
Directors' remuneration	<u>685</u>	<u>6,420</u>

5. Other operating income

	2021	2020
	£'000	£'000
Licensing fees	2,442	4,926
Grant income	136	942
Research and development relief	4,641	-
Other income	<u>293</u>	<u>-</u>
	<u>7,512</u>	<u>5,868</u>

In 2021, government grants of £136k (2020: £942k) were received as part of the Coronavirus Job Retention Scheme, a government initiative to provide immediate financial support to cover furloughed employee's wages as a result of COVID-19. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

6. Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest received on bank deposits	17	84
Interest on intercompany loans	585	1,296
Fair value gain (Note 19)	147	-
Net foreign exchange gain	<u>2,415</u>	<u>-</u>
	<u>3,164</u>	<u>1,380</u>

7. Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest expense on bank deposits	114	129
Interest on intercompany loans	3,842	1,369
Fair value loss (Note 19)	-	1,351
Net foreign exchange gain	-	(194)
Interest on lease liability	432	533
Other fees and charges	<u>1,183</u>	<u>578</u>
	<u>5,571</u>	<u>3,766</u>

8. Loss before tax

This is stated after charging/(crediting):

	2021	2020
	£'000	£'000
Amortisation of intangible assets (Note 10)	3,944	8,451
Depreciation of tangible assets (Note 11)	1,579	2,227
Depreciation of right-of-use assets (Note 22)	8,901	6,836
Loss on disposal of intangible assets	405	4,490
Loss on disposal of tangible assets	842	4,496
Net foreign exchange gain	<u>(2,415)</u>	<u>(194)</u>

	2021	2020
	£'000	£'000
Audit fee payable to the Company's auditor	<u>240</u>	<u>220</u>

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****9. Tax credit****(a) Tax credit in profit and loss account**

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax	-	(1,800)
Adjustment in respect of prior year	1,782	(9,893)
Total tax charge/(credit)	<u>1,782</u>	<u>(11,693)</u>
Deferred tax:		
Origination and reversal of timing difference	(12,119)	(4,871)
Credit arising from previously unrecognised tax loss, tax credit or temporary differences	(270)	(2,152)
Impact of change in tax law and rates	(8,122)	(1,713)
Total deferred tax	<u>(20,511)</u>	<u>(8,736)</u>
Tax credit	<u>(18,729)</u>	<u>(20,429)</u>

(b) Reconciliation of the tax credit

Reconciliation between tax credit and the accounting loss before income tax multiplied by the UK standard rate of corporation tax is as follows:

	2021	2020
	£'000	£'000
Loss before tax	<u>(91,626)</u>	<u>(104,941)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(17,409)	(19,939)
<i>Effects of:</i>		
Non-deductible expenses	3,041	43
Research and development relief	-	(1,458)
Group relief	207	34
Changes in tax rates	(8,122)	(1,713)
Tax under/(over) provided in previous years	1,512	(2,641)
Share-based payments	2,042	5,245
Total tax credit	<u>(18,729)</u>	<u>(20,429)</u>

10. Intangible assets

	Goodwill	Development costs	Computer software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	5,474	22,047	520	28,041
Additions	-	3,940	9	3,949
Write offs	-	(2,640)	(249)	(2,889)
At 31 December 2021	<u>5,474</u>	<u>23,347</u>	<u>324</u>	<u>29,145</u>
Accumulated amortisation				
At 1 January 2021	5,474	12,217	508	18,199
Amortisation for year	-	3,939	5	3,944
Write offs	-	(2,238)	(246)	(2,484)
At 31 December 2021	<u>5,474</u>	<u>13,918</u>	<u>308</u>	<u>19,700</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>9,429</u>	<u>16</u>	<u>9,445</u>
At 31 December 2020	<u>-</u>	<u>9,830</u>	<u>12</u>	<u>9,842</u>

Development costs capitalised in the year, relate to internally generated intangible assets which meet the criteria for capitalisation defined in Note 2 which are amortised over a period of 4 years. Amortisation of intangible assets is included in administrative expenses.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****11. Tangible assets**

	Furniture, fixtures and fittings £'000
Cost	
At 1 January 2021	15,560
Additions	58
Disposals	(7,309)
At 31 December 2021	<u>8,309</u>
Accumulated depreciation	
At 1 January 2021	11,478
Depreciation charge for year	1,579
Disposal	(6,467)
At 31 December 2021	<u>6,590</u>
Net book value	
At 31 December 2021	<u>1,719</u>
At 31 December 2020	<u>4,082</u>

12. Investments in subsidiaries

	£'000
At 1 January 2021	38,334
Additions	6,205
At 31 December 2021	<u>44,539</u>

On 19 February 2021, Skyscanner Limited acquired the remaining 49% of the issued share capital of Skyscanner Japan K.K. from Yahoo Japan Corporation for £6,105k. From this date onwards Skyscanner Japan K.K. will be treated as a 100% wholly owned subsidiary of Skyscanner Limited.

The Company has investments in the following direct and indirect subsidiary entities:

Direct holdings:

Entity name/country of incorporation	Principle activity	Registered address	Holding
Skyscanner Private Limited/Singapore	Commercial and engineering	39 Robinson Road, #09-03/04, Robinson Point, Singapore - 068911	100%
ExperienceOn Ventures S.L. /Spain	Engineering	Plaza de Catalunya 1, Planta 5, Barcelona, Spain 08002	100%
Skyscanner 2020 Limited/United Kingdom	Commercial	Floor 11, Regent's Place, 338 Euston Road, London, United Kingdom NW1 3BT	100%
Reacher Investments Limited/Hong Kong	Holding Company and Commercial	Room 1318-20, Hollywood Plaza, 610 Nathan Road, Mongkok, Kowloon, Hong Kong	100%
Distinction Informatikai Szolgáltató Kft./Hungary	Engineering	1068 Budapest, Városligeti, Fasor 24, Hungary	100%
Skyscanner (Bulgaria) EOOD/Bulgaria	Engineering	Sofia Municipality, Triaditza Region 82, Patriarh Evtimii Blvd, Bulgaria	
Beijing Skyscanner Technology Co., Ltd/China	Commercial	No. 703, 138 Wangfujing Street, Office Tower 2, Sun Dong An Plaza, Dongcheng District, Beijing, 100006, China	

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****12. Investments in subsidiaries - continued****Direct holdings:**

Entity name/country of incorporation	Principle activity	Registered address	Holding/Held by
Skyscanner Japan K.K./Japan	Commercial and engineering	The ARGYLE aoyama, 2-14-4 KitaAoyama, Minato-ku Tokyo 107-0061 Japan	100%
Skyscanner 2020 Netherlands B.V./Netherlands	Commercial	Piet Heinkade 55, 1019 GM, Amsterdam, the Netherlands	100%
Skyscanner Holdings Inc./USA	Holding Company	Global Virtual Agent Services LLC, 651 N. Broad St., Suite 308, Middletown, New Castle, 19709, USA	100%

Indirect holdings:

Entity name/country of incorporation	Principle activity	Registered address	Holding/Held by
Shenzhen Skyscanner Technology Co. Limited/China	Engineering	L13, Tower 7, One Shenzhen Bay Centre, Yuehai Street, Zhongxin Road, Nanshan District, Shenzhen, China	100%/Reacher Investments Limited
Gogobot, Inc./USA	Engineering	Global Virtual Agent Services LLC, 651 N. Broad St., Suite 308, Middletown, New Castle, 19709, USA	100%/Skyscanner Holdings Inc.
Skyscanner Optimisation Inc./USA	Holding Company	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, 19801	100%/Skyscanner Holdings Inc.
Skipjaq Limited/United Kingdom	Engineering	Floor 11, Regents Place, 338 Euston Road, London, NW1 3BT	100% Skyscanner Optimisation Inc.
Skyscanner Inc./USA	Commercial	Global Virtual Agent Services LLC, 651 N. Broad St., Suite 308, Middletown, New Castle, 19709, USA	100%/Skyscanner Holdings Inc.

13. Deferred tax asset

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting years:

	Accelerated capital allowances	Share-based Payments	Short-term timing differences	Losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	(1,833)	4,698	8,265	1,275	12,405
Credit/(charge) to profit or loss	1,041	(4,698)	(1,512)	13,905	8,736
At 31 December 2020/1 January 2021	(792)	-	6,753	15,180	21,141
Credit to profit or loss	709	-	183	19,619	20,511
At 31 December 2021	(83)	-	6,936	34,799	41,652

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets because it is probable that the Company will generate future taxable profits. Deferred tax assets have been recognised using rates applicable to expectations for the period of unwinding; some are therefore measured at 19% others at 25%.

Skyscanner Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

13. Deferred tax asset - continued

Deferred tax has been calculated in full on (£437k) accelerated capital allowances, £181k of short-term timing differences and £41,365k of tax losses at a tax rate of 19%. Deferred tax has been calculated in full on £27,606k short-term timing differences and £107,759k of tax losses at a tax rate of 25%. The impact of restating the remaining timing differences and tax losses at a tax rate of 25% would be an increase to the deferred tax asset of £2,467k. In the next financial year, £4,712k of deferred tax asset is estimated to unwind.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is net deferred tax balances in the statement of financial position:

	2021 £'000	2020 £'000
Deferred tax assets	41,652	21,141

14. Trade and other debtors

	2021 £'000	2020 £'000
Trade debtors	17,162	7,067
Amounts due from related parties	214,115	165,827
Allowance for doubtful debts	(16,863)	(4,451)
Prepayments	5,073	5,519
Accrued income	-	1,938
Other debtors	974	847
Current tax asset	11,201	9,168
	231,662	185,915

The recoverability of trade and other debtors are reviewed monthly and the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the balance sheet date. During the year, the provision was utilised to write off debts that are deemed uncollectable. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand, with the exception of £122,453k which is interest bearing at a range of rates from 0.3 to 3.3% per annum.

Allowance of doubtful debts has been presented as a separate line in the statement of comprehensive income. This relates to an allowance for doubtful trade debtors of £329k (2020: £547k) and an allowance for doubtful amounts due from related parties of £16,534k (2020: £3,904k). The movement is summarised as follows:

	2021 £'000	2020 £'000
At 1 January 2021	(4,451)	(5,624)
Additional provision during the year	(13,770)	(2,216)
Provision utilised in the year due to write off	62	1,478
Provision released in the year due to recovery of debt	1,296	1,911
At 31 December 2021	(16,863)	(4,451)

15. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	2,044	2,607
Amounts due to related parties	232,787	137,740
Other taxation and social security	3,953	2,288
Accruals	4,491	3,139
Other creditors	18,861	8,131
	262,136	153,905

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand, with the exception of £165,843k relating to intercompany loans that are interest bearing at a range of rates from 1.5-2.8% per annum.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****16. Bank loan**

A bank loan of £15,000k was taken out on 31 December 2021. The loan is unsecured and repayable on 31 January 2022. It carries an interest rate of 2.9% per annum. In January 2022, the Company increased the bank debt by £10,000k to £25,000k; and extended the date of repayment to January 2023.

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

	2021 £'000	2020 £'000
Other long-term employee benefits	27,606	34,739

18. Provisions

	2021 £'000	2020 £'000
Acquisition related employee benefit provision	-	690
Restoration provision	1,786	250
Other provisions	1,213	1,616
	<u>2,999</u>	<u>2,556</u>

Provisions were made during the year for dilapidation costs associated with our leases. The provisions represent management's best estimate of the Company's future liability.

	Provision £'000
At 1 January 2021	2,556
Released and utilised in the year	(1,093)
Provided for in the year	1,536
At 31 December 2021	<u>2,999</u>

19. Derivative financial instruments

Derivatives that are designated and effective as hedging instruments carried at fair value:

	2021 £'000	2020 £'000
At 1 January	(147)	1,204
Fair value movement	147	(1,351)
At 31 December	<u>-</u>	<u>(147)</u>

As at 31 December 2020, the Company had derivatives that are designated and effective as hedging instruments with a fair value of £147k. The Company did not enter in any foreign currency forward contracts to hedge against fluctuations in foreign currency exchange rates during the current financial year. The notional value and the fair value of outstanding contracts at the balance sheet dates are as follows:

	Notional Value		Fair Value	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Foreign currency forward contracts	-	(147)	-	(147)
	<u>-</u>	<u>(147)</u>	<u>-</u>	<u>(147)</u>

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

20. Share capital

Number:	Class:	Nominal Value:	2021 £'000	2020 £'000
Allotted, issued and fully paid:				
1,609,146	Ordinary Shares	£0.01	<u>16</u>	<u>16</u>

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****21. Share-based payments***Equity-settled share scheme**Long-term Incentive Plan ('LTIP')*

The immediate parent Company, SHL granted share options to employees of the Company. Options are exercisable on the shares of SHL at the price equal to its latest share price which is announced internally bi-annually.

The options issued to employees (44,479,199 at the balance sheet date) vest on the following profile:

- 10% of the options vest on the first anniversary of vesting start date;
- a further 30% of the options vest on each of the second and third anniversaries of the vesting start date; and
- the balance of the options vest on the fourth anniversary of the vesting start date.

During the year ended 31 December 2021, a new LTIP was approved which included a share options scheme over shares in SHL. The underlying options are similar to those issued as part of the existing share options scheme. However, the vesting profile has been amended to the following (13,667,000 issued to employees at the balance sheet date):

- 25% of the options vest on the anniversary of the vesting start date over a 4 year period.

Active grants held under both schemes are valid.

There were a number of grants in the year that were announced as at 31 December 2021 however, the grants were not yet formally approved. As a result, the fair value of these grants has been estimated as at 31 December 2021 and will be recalculated in 2022 at the approval date. For completeness, these grants have been included in the movement schedule below.

The remaining options (5,720,000 at the balance sheet date) were issued to senior management and have specific performance-based vesting conditions. The share-based payment charges for these options have been recognised based on our assumptions as to whether these performance conditions will be achieved.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee terminates their employment before the options vest. The options have an average exercise price of £1.23.

Share Incentive Plan ('SIP')

A SIP scheme was introduced in 2018 and the shares granted in 2019 at the end of the accumulation period (892,306 outstanding at balance sheet date). The SIP shares are split between partnership and matching shares with the matching shares vesting 4 years from grant date. The share-based payment charges for these shares have been recognised based on the number of shares issued. The partnership shares, (438,028 at the balance sheet date) vested during 2019 after the accumulation period ended which was 1 year from grant date.

A SIP scheme was introduced in 2020 and the shares were granted in 2021 at the end of the accumulation period (645,970 granted at the balance sheet date). The SIP shares are split between partnership and matching shares with the matching shares vesting 4 years from grant date. The share-based payment charges for these shares have been recognised based on the number of shares issued. Partnership shares, (321,985 at the balance sheet date) vest after the accumulation period which is 1 year from grant date.

Restricted Stock Units ('RSUs')

Trip granted RSUs to the Company's employees. Vested RSUs will be settled in Trip shares with a par value deemed settled by the employee's past services.

A portion of RSUs issued to employees (79,346 at balance sheet date) vest on the following profile:

- 12.5% of the RSUs vest on each anniversary of the vesting date with a balance of 50% of RSUs vested on the fourth anniversary of the vesting date;
- The remaining 50% of the RSUs vest based on specific performance-based vesting conditions.

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

21. Share-based payments – continued

Options over shares in Trip.com Group Limited

Trip granted share options to the Company's employees which are exercisable on Trip shares at a price of \$0.01.

The options issued to employees (516,866 at the balance sheet date) vest on the following profile:

- 25% of the options vest on the anniversary of the vesting start date over a 4-year period.

If the options remain unexercised after a period of 8 years from the date of grant, the options expire. Options may be forfeited if the employee terminates their employment before the options vest.

	LTIP	SIP	RSU	Options issued over Trip shares	Weighted average exercise price (£)
Outstanding at 1 January 2021	65,065,248	1,954,660	292,936	-	1.37
Granted during the year	17,940,000	-	-	674,680	0.81
Forfeited during the year	(19,127,084)	(416,384)	(172,979)	(157,814)	1.39
Exercised during the year	(765)	-	(42,600)	-	0.03
Net transfers (from)/to Skyscanner Limited	(11,200)	-	13,640	-	0.77
Outstanding at 31 December 2021	<u>63,866,199</u>	<u>1,538,276</u>	<u>90,997</u>	<u>516,866</u>	<u>1.19</u>
Exercisable at 31 December 2021	<u>42,713,235</u>	<u>-</u>	<u>-</u>	<u>120,252</u>	<u>-</u>

	LTIP	SIP	RSU	Options issued over Trip shares	Weighted average exercise price (£)
Outstanding at 1 January 2020	82,239,995	1,525,102	-	-	1.37
Granted during the year	18,819,640	828,478	295,888	-	1.52
Forfeited during the year	(19,849,500)	(398,920)	(2,952)	-	1.42
Exercised during the year	(16,564,687)	-	-	-	1.27
Net transfers to Skyscanner Limited	419,800	-	-	-	1.34
Outstanding at 31 December 2020	<u>65,065,248</u>	<u>1,954,660</u>	<u>292,936</u>	<u>-</u>	<u>1.37</u>
Exercisable at 31 December 2020	<u>24,067,513</u>	<u>-</u>	<u>14,780</u>	<u>-</u>	<u>-</u>

The options outstanding as at 31 December 2021 had a weighted average exercise price of £1.19 (2020: £1.37) and a weighted average remaining contractual life of 7.43 years (2020: 7.76 years).

The weighted average fair value of options granted during the year, determined using the Black-Scholes valuation model, was £1.40 (2020: £0.75) per option. The significant inputs into the Black-Scholes model were:

	2021	2020
Weighted average share price	£0.81	£1.52
Volatility	47%	38%
Expected option life	4.9 years	4.7 years
Annual risk-free interest rate	0.54%	0.30%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of comparable companies' listed share prices over a period equal to the expected life of the options.

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****21. Share-based payments – continued***Options over shares in Trip.com Group Limited - continued*

The share-based payment charged to the income statement were as follows:

	2021 £'000	2020 £'000
Equity settled payments:		
Charge for pre-acquisition equity settled share-based payments	11,076	9,085
Total equity settled payments	<u>11,076</u>	<u>9,085</u>

*Cash-settled bonus unit scheme**Long-term Incentive Plan ('LTIP')*

SHL granted bonus units to the Company's employees. Bonus units which are exercisable on a cash bonus from the SHL at a price equal to the estimated fair value of SHL's shares on grant date.

The bonus units issued to the Company's employees (1,264,550 at the balance sheet date) vest at the following profile:

- 10% of the bonus units vest on the first anniversary from vesting start date;
- a further 30% of the bonus units vest on each of the second and third anniversaries from the vesting start date; and
- the balance of the bonus units vest on the fourth anniversary from the vesting start date.

During the year ended 31 December 2021, a new LTIP was approved which included a bonus units scheme. The underlying bonus units are similar to those issued as part of the existing bonus units scheme, however, the vesting profile has been amended to the following (782,640 issued to employees at the balance sheet date):

- 25% of the options vest on the anniversary from the vesting start date over a 4 year period.

Active grants held under both schemes are valid.

If the bonus units remain unexercised after a period of 10 years from the date of grant, the bonus units expire. Bonus units are forfeited if the employee leaves the Company before the bonus units vest. The bonus units have an average exercise price of £1.27, out of the 2,047,190 outstanding bonus units, 453,810 bonus units were exercisable.

Share Incentive Plan ('SIP')

A SIP scheme was introduced in 2018 and the bonus units were granted in 2019 at the end of the accumulation period (82,000 outstanding at the balance sheet date). The SIP bonus units are split between partnership and matching bonus units with the matching bonus units vesting 4 years from the grant date. The share-based payment charges for these bonus units have been recognised based on the number of bonus units issued.

A new SIP scheme was introduced in 2020 and the bonus units were granted in 2021 at the end of the accumulation period (164,000 granted at the balance sheet date). The SIP bonus units are split between partnership and matching bonus units with the matching bonus units vesting 4 years from the grant date. The share-based payment charges for these bonus units have been recognised based on the number of bonus units issued.

	2021			2020		
	LTIP	SIP	Weighted average exercise price (£)	LTIP	SIP	Weighted average exercise price (£)
Outstanding at 1 January	2,926,754	258,000	1.27	2,075,849	98,000	1.38
Granted during the year	1,362,240	-	0.84	1,156,400	184,000	1.09
Forfeited during the year	(1,978,004)	(12,000)	1.07	(262,085)	(24,000)	1.25
Exercised during the year	<u>(263,800)</u>	<u>-</u>	<u>1.25</u>	<u>(43,410)</u>	<u>-</u>	<u>1.30</u>
Outstanding at 31 December	<u>2,074,190</u>	<u>246,000</u>	<u>1.19</u>	<u>2,926,754</u>	<u>258,000</u>	<u>1.27</u>

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****21. Share-based payments – continued***Share Incentive Plan ('SIP') - continued*

The bonus units outstanding as at 31 December 2021 had a weighted average exercise price of £1.19 and a weighted average remaining contractual life of 8.08 years.

The weighted average fair value of bonus units granted during the year, determined using the Black-Scholes valuation model, was £0.34 (2020: £0.44) per bonus unit. The significant inputs into the Black-Scholes model were:

	2021 £'000	2020 £'000
Weighted average share price	£0.84	£1.09
Volatility	49%	40%
Expected option life	4.5 years	3.9 years
Annual risk-free interest rate	0.75%	-

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of comparable companies' listed share prices over a period equal to the expected life of the bonus units.

The share-based payment charges in the income statement were as follows:

	2021 £'000	2020 £'000
<i>Cash settled payments:</i>		
Cash bonus equivalent scheme	(393)	25
Total share-based payment charge	(393)	25
Carrying amount of scheme liability	472	1,327
<i>Of which relates to vested assets</i>	310	554

22. Leases

	Right-of-use asset £'000
Cost	
At 1 January 2020	45,805
Disposal	(15,052)
At 31 December 2020	30,753
Disposals and other adjustments	(2,700)
At 31 December 2021	28,053
Accumulated depreciation and impairments	
At 1 January 2020	4,666
Depreciation charge	6,836
At 31 December 2020	11,502
Depreciation charge	8,901
Disposals and other adjustments	(2,610)
Impairments	1,638
At 31 December 2021	19,431
Carrying Amount	
At 31 December 2021	8,622
At 31 December 2020	19,251

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2021****22. Leases - continued**

The Company leases property and the average lease term is 7 years (2020: 7 years). The incremental borrowing rate is 2.5% per annum.

	2021 £'000	2020 £'000
Amounts recognised in profit and loss		
Depreciation expenses on right-of-use assets	8,901	6,836
Interest expenses on lease liabilities	432	533
	<u> </u>	<u> </u>
		Lease liability
		£'000
At 31 December 2020		22,774
Payments		(9,871)
Interest charge		432
Reassessment		(2,707)
Disposal		(1,822)
At 31 December 2021		<u>8,806</u>
	2021	2020
	£'000	£'000
<i>Analysed as:</i>		
Non-current	2,456	11,324
Current	6,350	11,450
	<u>8,806</u>	<u>22,774</u>
<i>Maturity:</i>		
Year 1	6,350	11,450
Year 2	795	7,452
Year 3	320	623
Year 4	320	608
Year 5	329	632
Year 6+	692	2,009
Total lease liabilities	<u>8,806</u>	<u>22,774</u>

Disposals relate to property leases that were exited in the year. Periodic review of the Company's property footprint identified two property leases which no longer generate economic value resulting in an impairment.

23. Related party transactions

	Revenue		Expenses	
	1 January to 19 February 2021 £'000	2020 £'000	1 January to 19 February 2021 £'000	2020 £'000
Skyscanner Japan K.K.	6	2,693	113	5,192
	<u>6</u>	<u>2,693</u>	<u>113</u>	<u>5,192</u>
	Amount due from related party		Amount due from related party	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Skyscanner Japan K.K.	-	-	-	10,503
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,503</u>

Skyscanner Limited acquired the remaining 49% of the equity share capital of Skyscanner Japan K.K. on 19 February 2021. From the date of acquisition, Skyscanner Japan K.K. became a wholly owned subsidiary of the Company (Note 12).

Revenue represents income received from Skyscanner Japan K.K. for the use of the Company's intellectual property. Expenses incurred by Skyscanner Limited represent cost recharges from Skyscanner Japan K.K. The amounts outstanding as at 31 December 2021 were unsecured and repayable on demand.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

23. Related party transactions - continued

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries.

24. Commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities as at 31 December 2021 (2020: none).

25. Post balance sheet events

Subsequent to the balance sheet date, the Company entered into additional property lease arrangement and extension of an existing arrangement. Initial recognition for these contracts results in an increase of right-of-use assets of £37,415k and increase of lease liability of £36,222k.

In January 2022, the Company increased the bank debt by £10m to £25m and extended the date of repayment to January 2023.

26. Ultimate parent company and controlling party

In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is Trip.com Group Limited, a company incorporated in the Cayman Islands, with a registered address 968 Jin Zhong Road, Shanghai 200335, People's Republic of China. The parent company of the largest and smallest group, which includes the Company and for which consolidated financial statements are prepared, is Trip.com Group Limited, which can be obtained from <http://investors.trip.com>.