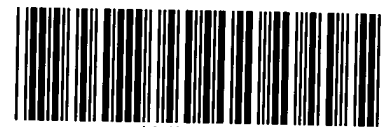


First Choice Holidays & Flights Limited
Directors' report and financial statements
for the year ended 30 September 2015
Company number 1450256

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First Choice Holidays & Flights Limited
Report of the Directors for the year ended 30 September 2015

The Directors present their report and the audited financial statements of First Choice Holidays & Flights Limited ("the Company") for the year ended 30 September 2015.

Principal activity

The principal activity of the Company remains that of an intermediate holding company within the TUI AG group of companies ("the Group") and will remain as such for the foreseeable future.

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2015 was £3,000 (2014: result £nil). No dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Funding, liquidity and going concern

The Directors have considered the funding and liquidity position of the Company. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Directors

The Directors of the Company at the date of this report are:

| | |
|--------------|------------------------------|
| D J Burling | (appointed 30 November 2015) |
| K A Jarvis | (appointed 30 November 2015) |
| I S Strachan | |
| W H Waggott | |
| J Walter | |

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Directors' insurance

From 1 October 2014 to 11 December 2014, the intermediate parent company, TUI Travel PLC (now TUI Travel Limited), maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. Following the merger of TUI Travel PLC and TUI AG on 11 December 2014, until the date of approval of these financial statements, the ultimate parent company, TUI AG, maintained these insurance policies. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has 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 auditors are aware of that information.

Intention to adopt FRS 101

Following the publication by the Financial Reporting Council of FRS 100, 'Application of financial reporting requirements', the Company is permitted to adopt FRS 101, 'Reduced disclosure framework' ("FRS 101") as its accounting framework for the preparation of its entity financial statements for the financial year ending 30 September 2016.

The Directors of the Company consider that it is in the best interests of the Company and the Group to adopt FRS 101 as its accounting framework for the financial year ending 30 September 2016 and hereby notifies its shareholder that it intends to do so.

As TUI UK Limited ("TUKL") is the holder of all the issued shares of the Company, TUKL is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should TUKL choose to object to the use of FRS 101, objections should be made in writing to the Company's registered office address by no later than 30 September 2016.

On the basis that no objection is received, the Company's use of FRS 101 as the accounting framework is expected to remain in force for the foreseeable future or until the date that TUKL is no longer a shareholder of the Company.

Statement of Directors' responsibilities

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

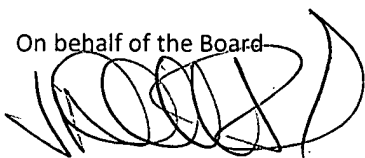
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

On behalf of the Board



X J Walter
Director

Company Number 1450256

Dated: 9 December 2015

Report on the financial statements

Our opinion

In our opinion, First Choice Holidays & Flights Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 30 September 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

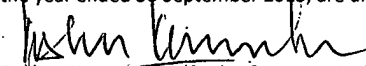
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other Matter

Corresponding figures

The financial statements for the year ended 30 September 2014, forming the corresponding figures of the financial statements for the year ended 30 September 2015, are unaudited.


Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
10 December 2015

First Choice Holidays & Flights Limited
Profit and loss account for the year ended 30 September 2015

| | | Year ended 30 September 2015 £'000 | Unaudited Year ended 30 September 2014 £'000 |
|---|-------------|---|---|
| | Note | | |
| Profit on disposal of investments | 4 | <u>3</u> | <u>-</u> |
| Profit / result on ordinary activities before taxation | | 3 | - |
| Tax on profit / result on ordinary activities | 3 | - | - |
| Profit / result for the financial year | 8 | <u>3</u> | <u>-</u> |

The results stated above are all derived from continuing operations.

There are no material differences between the profit (2014: result) on ordinary activities before taxation and the profit (2014: result) for the financial year stated above and their historical cost equivalents.

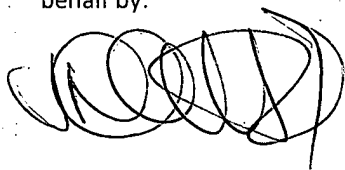
There are no recognised gains and losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

First Choice Holidays & Flights Limited
Balance sheet as at 30 September 2015

| | | 30 September 2015 £'000 | Unaudited 30 September 2014 £'000 |
|---|-------------|--|--|
| | Note | | |
| Fixed assets | | | |
| Investments | 4 | - | 4 |
| Current assets | | | |
| Debtors | 5 | <u>5</u> | <u>983</u> |
| Creditors: amounts falling due within one year | 6 | <u>-</u> | <u>(985)</u> |
| Net current assets / (liabilities) | | <u>5</u> | <u>(2)</u> |
| Total assets less current liabilities | | <u>5</u> | <u>2</u> |
| Capital and reserves | | | |
| Called-up share capital | 7 | - | - |
| Profit and loss account | 8 | <u>5</u> | <u>2</u> |
| Total shareholders' funds | 9 | <u>5</u> | <u>2</u> |

The notes from pages 6 to 9 form part of these financial statements.

The financial statements on pages 4 to 9 were approved by the Board on 9 December 2015 and signed on their behalf by:



✗ J Walter
Director

1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and under the historical cost convention. In the prior year the Company was dormant and took advantage of the exemption from audit.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which payment of the dividends becomes a legal obligation of the Company. For final dividends, this will be when they are approved by the Company. For interim dividends, this will be when they have been paid. Dividends receivable are recognised as an asset in the Company's financial statements in the period in which the dividends are received.

Taxation

Taxation comprises current tax. Current tax is the expected tax payable (or recoverable) for the current period using the average tax rate for the financial period, and any adjustment to tax payable in respect of previous periods.

Investments

Investments are stated at cost less provision for impairment.

Impairment of fixed assets

The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset, or its income generating unit, may not be recoverable. If such an indication exists the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

Key accounting estimates and judgements

The preparation of the financial statements requires the Directors to make estimates and judgements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amount of revenue and expenses during the year. The Directors evaluate the estimates and judgements on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors they believe to be reasonable under the circumstances. Actual results may differ from estimates. Key estimates and judgements have been made in respect of the following:

Investments in subsidiary undertakings

Judgement is required in the assessment of the carrying amount of investments in the Company's subsidiary undertakings. Estimation of the recoverable amount of investments requires the Company to assess future cash flows projected to be generated by the subsidiaries, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the subsidiaries' products.

2. Profit / result on ordinary activities before taxation

The Company had no employees in either the current or prior year.

The Directors received no remuneration for their services to the Company during the year (2014: £nil). The Directors are also directors of a number of other Group companies and it is not possible to make an accurate apportionment of their remuneration in respect of each of the Group companies of which they are a Director.

In 2015 the auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

3. Tax on profit / result on ordinary activities

(i) Analysis of tax charge in the year

There was no tax charge in the current or prior year.

(ii) Factors affecting the current tax charge for the year

The current tax charge for the year is different from (2014: equal to) the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%). The differences are shown below:

| | Year ended 30 September 2015 £'000 | Unaudited Year ended 30 September 2014 £'000 |
|--|---|--|
| Profit / result on ordinary activities before taxation | <u>3</u> | <u>-</u> |
| Profit / result on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22.0%) | 1 | - |
| Effects of: | | |
| - Income not taxable | (1) | - |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. Proposals to reduce the main UK corporation tax to 19% on 1 April 2017 and 18% on 1 April 2020 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements. These reductions may reduce the Company's future current tax charge accordingly; however it has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge, it is estimated that this will not have a material effect on the Company. There are no unprovided deferred tax liabilities nor unrecognised deferred tax assets at either 30 September 2015 or 30 September 2014.

4. Investments

| | £'000 |
|---------------------------------|----------|
| Cost and net book value: | |
| At 1 October 2014 (unaudited) | 4 |
| Disposals | (4) |
| At 30 September 2015 | - |

During the year First Choice Aviation Limited, a wholly-owned subsidiary, was struck off. The net investment carrying value of £2,000 was offset by related intercompany balances of £2,000 that were no longer payable. Consequently neither a profit nor loss on disposal was recognised in the profit and loss account.

Also during the year the Company's 2% share of Paradise Hotel Management Company LLC was transferred to Sovereign Tour Operations Limited, a fellow Group undertaking, for consideration of EGP 60,000 (£5,000). Consequently, a profit on disposal of £3,000 was recognised in the profit and loss account.

The following companies are the related undertakings of the Company.

| Name of undertaking | Country of incorporation | Share class | % held directly by the Company | Total % held by the Group |
|------------------------------------|--------------------------|------------------------------|--------------------------------|---------------------------|
| BDS Destination Services Company | Egypt | EGP500.00 ordinary shares | 1 | 67 |
| Viagens Elena LDA (in liquidation) | Portugal | PTE20,000.00 ordinary shares | 26 | 26 |

The Directors believe that the carrying amount of the investments is supported by their underlying net assets.

5. Debtors

| | 30 September 2015 £'000 | Unaudited 30 September 2014 £'000 |
|-----------------------------------|----------------------------|---|
| Amount owed by Group undertakings | <u>5</u> | <u>983</u> |

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

6. Creditors: amounts falling due within one year

| | 30 September 2015 £'000 | Unaudited 30 September 2014 £'000 |
|------------------------------------|----------------------------|---|
| Amounts owed to Group undertakings | <u>-</u> | <u>(985)</u> |

Amounts owed to Group undertakings are unsecured, interest-free and repayable on demand.

7. Called-up share capital

| | 30 September 2015 £ | Unaudited 30 September 2014 £ |
|-------------------------------------|------------------------|-------------------------------------|
| Issued and fully paid | | |
| 1 (2014: 1) ordinary share of £0.10 | <u>0.10</u> | <u>0.10</u> |

8. Reserves

| | Profit and loss account £'000 |
|-------------------------------|-------------------------------------|
| At 1 October 2014 (unaudited) | 2 |
| Profit for the financial year | 3 |
| At 30 September 2015 | 5 |

9. Reconciliation of movements in shareholders' funds

| | 2015 £'000 | Unaudited 2014 £'000 |
|--|---------------|----------------------------|
| At 1 October | 2 | 2 |
| Profit / result for the financial year | 3 | - |
| At 30 September | 5 | 2 |

10. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of TUI AG. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI AG.

11. Ultimate parent company and controlling party

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is TUI UK Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tui-group.com. No other financial statements include the results of the Company.