

First Choice Holidays & Flights Limited
Annual Report and financial statements
For the financial year ended 30 September 2021
Company number 01450256



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First Choice Holidays & Flights Limited
Directors and other information

Directors

S K Arnold
D J Burling

Registered Office

Wigmore House
Wigmore Lane
Luton
Bedfordshire
LU2 9TN

Independent Auditor

Deloitte LLP
Statutory auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Bankers

Citibank N.A
Canada Square
Canary Wharf
London
E14 5LB

Registered number

01450256

The Directors present their Report on First Choice Holidays & Flights Limited (the "Company") for the financial year ended 30 September 2021.

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.

Principal activity

The principal activity of the Company is the holder of real estate and enforcement rights. The Company did not trade in either the current or prior year and is not expected to trade in future years. The winding down process is expected to be completed in 2023.

Directors and their interests

The Directors of the Company who were in office during the financial year and up to the date of signing the financial statements were:

S K Arnold
D J Burling

Funding, liquidity, going concern and dividends

The Company's loss before taxation for the financial year ended 30 September 2021 was £27k (2020: profit of £12k). An interim dividend of £nil was paid during the year (2020: £nil) and the Directors do not propose the payment of a final dividend (2020: £nil). At 30 September 2021, the Company had net assets of £478k (2020: £500k).

The Directors have considered the funding and liquidity position of the Company in light of the fact that it has ceased trading. The Directors expect that transactions will only take place in order to wind down the Company and that it is expected to have sufficient liquidity to pay its liabilities as they fall due. Consequently the annual Financial Statements have been prepared on a basis other than going concern. This has not resulted in any adjustments to the recognition and measurement of assets and liabilities in these financial statements. For further details, see Note 2 in the financial statements.

Post balance sheet events

Details of post balance sheet events can be found in Note 15.

Independent auditor

Deloitte LLP were appointed as auditor of the TUI Group, including of the Company. In line with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed unless unwilling or disqualified and Deloitte LLP will therefore continue in office.

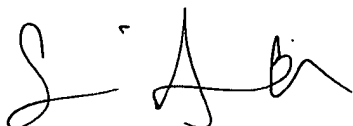
Directors' insurance

Throughout the financial year until the date of approval of these financial statements the ultimate parent company, TUI AG, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. 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 auditor is 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 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.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'S K Arnold', written over a horizontal line.

S K Arnold

Director

Company Number 01450256

Date: 27 June 2022

First Choice Holidays & Flights Limited
Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Reports and financial statements in accordance with the Companies Act 2006.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, 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;
- Safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and
- The maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Choice Holidays & Flights Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related Notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to Note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licences, environmental regulations, GDPR, employment law, health and safety and building regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 June 2022

First Choice Holidays & Flights Limited

Statement of Comprehensive Income for the financial year ended 30 September 2021

		Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
	Note		
Administrative expenses		(27)	-
Other income		-	12
(Loss)/profit before taxation	7	(27)	12
Tax credit/(expense)	8	5	(2)
(Loss)/profit for the financial year attributable to owners of the Company		(22)	10
Total Comprehensive (Loss)/Income for the financial year, net of tax, attributable to owners of the Company		(22)	10

The results stated above are all derived from discontinued operations

As all of the operations of the Company have been discontinued the Company has applied the presentation above in a single column for each year presented. The Directors believe this presentation is more transparent and useful to readers of these financial statements given the circumstances of the Company.

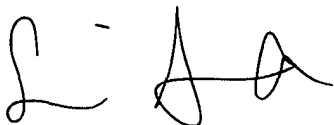
First Choice Holidays & Flights Limited
Statement of Financial Position as at 30 September 2021

		As at 30 September 2021	As at 30 September 2020 Restated
	Note	£'000	£'000
Non-current assets			
Trade and other receivables	10	<u>476</u>	<u>503</u>
Current assets			
Trade and other receivables	10	<u>2</u>	<u>-</u>
		<u>2</u>	<u>-</u>
Total assets		<u>478</u>	<u>503</u>
Current liabilities			
Trade and other payables	11	<u>-</u>	<u>(3)</u>
Net current assets/(liabilities)		<u>2</u>	<u>(3)</u>
Total assets less current liabilities		<u>478</u>	<u>500</u>
Net assets		<u>478</u>	<u>500</u>
Equity			
Called up share capital	12	-	-
Retained earnings	13	<u>478</u>	<u>500</u>
Total equity attributable to owners of the Company		<u>478</u>	<u>500</u>

The prior year comparatives have been restated, please refer to Note 10 for details.

The notes on pages 12 to 20 form part of these financial statements.

The financial statements on pages 9 to 20 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



S K Arnold
Director

Company Number 01450256

Date: 27 June 2022

First Choice Holidays & Flights Limited
Statement of Changes in Equity for the financial year ended 30 September 2021

	Called up Share capital £'000	Retained earnings £'000	Total equity £'000
Note			
At 1 October 2019	-	490	490
Total Comprehensive Income for the financial year	-	10	10
At 30 September 2020	-	500	500
Total Comprehensive Loss for the financial year	-	(22)	(22)
At 30 September 2021	-	478	478

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England & Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 01450256.

The principal activity of the Company is the holder of real estate and enforcement rights. The Company did not trade in either the current or prior year and is not expected to trade in future years. The winding down process is expected to be completed in 2023.

2. Basis of preparation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. See Note 16 for details on where the Company is included in consolidated financial statements.

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure exemptions of IFRS. Further details can be found in Note 4.

Going concern

As the Company has ceased trading, the annual financial statements have been prepared on a basis other than going concern. No adjustments were necessary to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities. The comparative financial information has also been prepared on a basis other than going concern. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are considered significant given the presentation of the financial statements on a basis other than going concern.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

3. Summary of significant accounting policies

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

Amendments to IFRSs

In the current year, the Company has applied a number of amendments to ifrss issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

Standard	Amendment	Impact on Financial Statements
Amendments to IAS 1 & IAS 8 Definition of Materiality	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No impact
Framework Amendments to References to the Conceptual Framework in IFRS Standards	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impact
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase 1)	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also must disclose the extent to which their hedges are affected by the interest rate benchmark reform.	Not material

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the prevailing rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the Statement of Financial Position date. Foreign exchange gains and losses resulting from translation to financial year-end rates are recognised in the Statement of Comprehensive Income.

Foreign exchange gains or losses arising on loans receivable or payable, including finance lease liabilities, are included in "Finance income" and "Finance expense" in the Statement of Comprehensive Income.

The results and financial position of all businesses that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and
- all resulting exchange differences are recognised in Other Comprehensive Income.

3. Summary of significant accounting policies (continued)

Current and deferred tax

The tax credit for the financial year comprises current and deferred tax and is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the financial year. Income tax recoverable or payable relates to current tax. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

Financial assets and financial liabilities

The classification and measurement of financial assets are determined on the basis of the business model used to manage financial assets, the related contractual cash flows and their objective. At initial recognition of financial assets, the classification comprises the categories "Financial assets at amortised cost (AC)", "Financial assets at fair value through Other Comprehensive Income (FVOCI)" and "Financial assets at fair value through profit and loss (FVPL)".

Financial assets are recognised at the value on the date when the Company undertakes to buy/has a legal right to recognise the asset. When recognised for the first time, they are either classified as at amortised cost or at fair value, depending on their objective. Financial assets are classified as financial assets at amortised cost when the objective of the Company's business model is to hold the financial assets to collect contractual cash flows, and when the contractual terms and conditions of the assets exclusively constitute interest and principal payments on the nominal amount outstanding.

For the financial assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. The expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information. The expected credit loss using the "general approach" is based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12 month expected credit losses.

Impairments and reversals of impairments are included in "Impairment of financial asset" in the Statement of Comprehensive Income.

All other financial assets not recognised at amortised cost or at fair value through OCI must be measured at fair value through profit or loss. Accordingly, the debt instruments previously allocated to the measurement category "Financial assets available for sale" are measured at fair value through profit or loss under IFRS 9.

Financial assets are derecognised as at the date on which the rights for payments from assets expire or are transferred and therefore as at the date on which essentially all risks and rewards of ownership are transferred. The rights to an asset expire when the rights to receive cash flows from the asset have expired. For transfers of financial assets, it is assessed whether they have to be derecognised in accordance with the derecognition requirements of IFRS 9.

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial liabilities are recognised in the Statement of Financial Position if an obligation exists to transfer cash and cash equivalents of other financial assets to another party. Initial recognition of a liability is expected at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid. The subsequent measurement of financial liabilities is affected at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of TUI AG, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of TUI AG. Details for obtaining the Group financial statements of TUI AG can be found in Note 16. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a) (iv) of IAS 1.
	10(d) and 111	A statement of cash flows and related information.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
	40(a)	A third statement of financial position to be presented in certain circumstances, including retrospective restatement on change in accounting policy such as adoption of new standards.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly-owned subsidiaries of the Group.

5. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the carrying value of assets, liabilities and total comprehensive income for the year are disclosed as follows:

Critical accounting judgements

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have significant effect on the amounts recognised in the financial statements.

Critical accounting estimates

Key estimates or assumptions concerning the future, and other key sources of uncertainty at the reporting period that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Expected credit losses recognised on financial assets within the scope of IFRS9

Judgement is required in the assessment of the carrying amount of financial assets held at amortised cost. Estimation of the expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information.

Estimation of the expected credit loss using the "general approach" requires the Company to classify the financial assets into three stages:

- Stage 1 – financial assets which are recognised for the first time, or where the credit risk has not increased significantly since initial recognition. In this case a 12-month credit loss needs to be determined.
- Stage 2 – where a significant increase in credit risk has occurred, the lifetime expected credit loss needs to be determined.
- Stage 3 – where there is objective evidence of impairment, the lifetime expected credit loss needs to be determined.

Once classified, in order to determine the expected credit loss, the Company (taking into account all reasonable and supportable information that it is able to obtain without undue cost or effort), has to determine the:

- Probability of default (PD) – an estimation of the likelihood of a default over a given time period.
- Loss given Default (LGD) – an estimation of the amount that would be lost in the event of a default.

In view of the existing uncertainties regarding expected credit losses (ECL), an extended analysis of sensitivities was undertaken.

There were no balances where the simplified approach was undertaken.

For those balances where the general approach was undertaken, two methods of calculation were used:

- Future discounted cashflows ("DCF") derived from medium-term corporate planning as at 30 September 2021 were reviewed where available to determine the expected credit loss.
- Scenarios were derived which reflected the different expected outcomes in respect of settlement.

A change in of 10% in the DCF and in the ECL rate derived by the scenario method would have caused the loss allowance to increase by £nil or decrease by £nil.

6. Employees and Directors

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

Directors' remuneration

The Directors received no remuneration for their services as Directors of the Company (2020: £nil). The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which makes no recharge to the Company (2020: £nil). It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of another Group company.

7. (Loss)/profit before taxation

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
(Loss)/profit before taxation is stated after expensing/(crediting):		
Foreign exchange losses/(gains)	27	(12)

Auditor's remuneration

In 2021 and 2020, the auditor's remuneration was borne and paid by TUI UK Limited, and not recharged out.

8. Tax (credit)/expense

The tax (credit)/expense can be summarised as follows:

(i) Analysis of tax (credit)/expense in the year

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Current tax:		
Amounts (receivable)/payable to fellow subsidiaries for group relief	(5)	2
Total current tax	(5)	2
Total tax (credit)/expense in the Statement of Comprehensive Income	(5)	2

(ii) Factors affecting the tax (credit)/expense in the year

The tax credit (2020: expense) for the financial year ended 30 September 2021 is equal to (2020: equal to) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). This is shown in the table below:

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
(Loss)/profit before taxation	(27)	12
(Loss)/profit multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	(5)	2
Total tax (credit)/expense in the Statement of Comprehensive Income	(5)	2

8. Tax (credit)/expense (continued)

(iii) Factors affecting the future tax expense

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods.

At the Statement of Financial Position date, Finance Act 2021 had been substantively enacted confirming that the main UK corporation tax rate would remain at 19% before increasing to 25% from 1 April 2023. Therefore, at 30 September 2021, deferred tax assets and liabilities have been calculated based on the rate that is expected to apply when the deferred tax is reversed. The rate change will also impact the tax charged on UK profits generated in 2023 and subsequently.

9. Investments in subsidiaries

Investments
in subsidiaries
£'000

Cost:

At 1 October 2020 and at 30 September 2021

-

Impairment:

At 1 October 2020 and at 30 September 2021

-

Net book value:

At 30 September 2020 and at 30 September 2021

-

The following company is a related undertaking of the Company as at 30 September 2021:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by The Company	Total % Held by The Group
BDS Destination Services Company	Egypt	103 Al Qanuneen Tower, Corniche El Nil, Maadi, Cairo	EGP 500.00 ordinary shares	1.00	67.00

The Directors do not consider the investment recoverable based on the net assets of the subsidiary undertakings, therefore the investment has been fully impaired in prior years. The Company's only subsidiary is currently in the process of liquidation.

10. Trade and other receivables

	As at 30 September 2021		As at 30 September 2020	
	Non-current	Current	Non-current	Current
	£'000	£'000	Restated £'000	Restated £'000
Amounts due from parent undertakings	476	-	503	-
Group relief	-	2	-	-
	<u>476</u>	<u>2</u>	<u>503</u>	<u>-</u>

Amounts due from Group undertakings

The amounts classified as due from Group undertakings (excluding group relief) as at 30 September 2020, have been restated as they have been reclassified from current to non-current to reflect the fact that even though they are repayable on demand, the Company will not formally request payment of these balances within the next financial year and therefore management's expectation is that none of the assets will be recovered within 12 months of the balance sheet date.

10. Trade and other receivables (continued)

Amounts due from Group undertakings (continued)

Amounts due from Group undertakings are unsecured and repayable on demand. The total amounts due from Group undertakings amount to £478k (2020: £503k) all of which is interest free.

Expected credit losses of £nil (2020: £nil) were provided for in the year. FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

11. Trade and other payables

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Group relief payable	-	3
	<u>-</u>	<u>3</u>

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, interest-free and repayable on demand totalling £nil (2020: £3k). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

12. Share capital

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Authorised		
1 (2020: 1) ordinary shares of £0.10 each	-	-
Issued and fully paid		
1 (2020: 1) ordinary shares of £0.10 each	-	-

13. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Retained earnings	All other net gains and losses and transactions with owners (e.g. Dividends) not recognised elsewhere.

14. Related party transactions

The Company has taken advantage of the exemption contained in IAS 24 "Related Party Transactions" as it is a wholly-owned subsidiary of TUI AG. Therefore, the Company has not disclosed transactions with wholly-owned entities that form part of the Group headed by TUI AG. There were no transactions with other related parties.

15. Post balance sheet events

The worldwide pandemic resulting from the spread of the COVID-19 virus has continued to cause a significant interruption to the Group's businesses. Given its status, there has been and is not expected to be any impact on the Company.

16. 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, a company registered in the United Kingdom.

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 its registered address via Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tuigroup.com/en-en.

No other financial statements include the results of the Company.