**First Choice (Turkey) Limited**

**Directors' report and financial statements**

**for the year ended 30 September 2015**

**Company number 2224615**

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

**Principal activity**
The Company has previously acted as an intermediary for the purchase of hotel accommodation and hotel operations within the TUI AG group of companies ("the Group").

The Company has no operations, has ceased trading and has novated all hotel leases to another Group undertaking.

**Results and dividends**
The Company's operating loss for the year ended 30 September 2015 was €127,745 (2014: €754,234 profit). Loss on ordinary activities before taxation for the year ended 30 September 2015 was €127,745 (2014: €754,839 profit). No dividends were paid during the year (2014: €nil) and the Directors do not recommend the payment of a final dividend (2014: €nil). The functional currency of the Company continued to be in Euros.

Exceptional administrative income of €232,945 (2014: €1,326,829) relates to the reversal of accruals that had been recognised in the financial statements in respect of indirect taxes. These accruals were found to be excessive in light of VAT being recovered that was previously thought to be irrecoverable. Exceptional administrative expenses of €nil (2014: €159,677) have also been recognised.

**Funding and liquidity**
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 at the date of this report are:

| | |
|---|---|
| G S Groves | (appointed 21 May 2015) |
| T Lindner | (appointed 21 May 2015) |

Other Directors who served during the year were:

| | |
|---|---|
| D W Coffey | (appointed 19 January 2015 and resigned 26 May 2015) |
| N Evans | (resigned 31 May 2015) |
| R S Wheatley | (resigned 19 January 2015) |

**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.

**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.

**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 they have elected to prepare 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

**Statement of Directors' responsibilities (continued)**

of affairs of the Company and of the profit or loss of the Company for the year. 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 safe guarding 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

G S Groves
**Director**
Company number: 2224615

Date: 28 June 2016

## Report on the financial statements

### *Our opinion*

In our opinion First Choice (Turkey) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its loss 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 Directors' Report 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 pages 1 and 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 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.

Archie Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
30 June 2016

| | Note | **Year ended 30 September 2015 €** | Year ended 30 September 2014 € |
|---|---|---|---|
| Administrative expenses - non-exceptional items | 2 | **(360,690)** | (412,918) |
| Administrative credit - exceptional items | 2 | **232,945** | 1,167,152 |
| Administrative expenses – net | | **(127,745)** | 754,234 |
| **Operating (loss) / profit** | | **(127,745)** | 754,234 |
| Interest receivable and similar income | 3 | **-** | 605 |
| **(Loss) / profit on ordinary activities before taxation** | 2 | **(127,745)** | 754,839 |
| Tax on (loss) / profit on ordinary activities | 4 | **26,188** | (166,065) |
| **(Loss) / profit for the financial year** | 8 | **(101,557)** | 588,774 |

The results stated above are all derived from discontinued operations.

A note on historical cost profits and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The Company has 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 (Turkey) Limited**
**Balance sheet as at 30 September 2015**

| | Note | 30 September 2015 € | 30 September 2014 € |
|---|---|---|---|
| **Current assets** | | | |
| Debtors | 5 | **5,788,913** | 16,755,288 |
| Cash at bank and in hand | | **4,430** | 4,972 |
| | | **5,793,343** | 16,760,260 |
| **Creditors: amounts falling due within one year** | 6 | **(171,161)** | (11,036,521) |
| **Net current assets** | | **5,622,182** | 5,723,739 |
| **Net assets** | | **5,622,182** | 5,723,739 |
| **Capital and reserves** | | | |
| Called up share capital | 7 | **64,007,338** | 64,007,338 |
| Profit and loss account | 8 | **(58,385,156)** | (58,283,599) |
| **Equity shareholders' funds** | 9 | **5,622,182** | 5,723,739 |

The notes on pages 6 to 10 form part of these financial statements.

These financial statements on pages 4 to 10 were approved by the Board of Directors on 28 June 2016 and were signed on its behalf by:

G S Groves
**Director**

## 1 Accounting policies

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

**Basis of preparation**
The financial statements have been prepared in accordance with the Companies Act 2006, applicable UK accounting standards and under the historical cost convention.

Under Financial Reporting Standard 1 "Cash Flow Statements" (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.

The functional currency of the Company is considered to be the Euro, based on the previous economic operating environment of the Company and the currency of its previous principal activities. The exchange rate between sterling and the Euro as at September 2015 was £1: €1.3541 (2014: £1: €1.2865).

**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 TUI 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 JNB (Bristol) Limited is the holder of all the issued shares of the Company, JNB (Bristol) Limited is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should JNB (Bristol) Limited 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 JNB (Bristol) Limited is no longer a shareholder of the Company.

**Foreign currency translation**
Transactions in foreign currencies are translated into the Company's functional currency of Euros at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account in the year.

**Taxation**
Taxation comprises current and deferred tax. Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable in respect of previous periods, using tax rates enacted or substantively enacted at the balance sheet date.

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the financial statements. 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 measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

## 2 (Loss) / profit on ordinary activities before taxation

| | **Year ended 30 September 2015** | Year ended 30 September 2014 |
|---|---|---|
| The (loss) / profit on ordinary activities before taxation is stated after (charging) /crediting: | **€** | € |
| Foreign exchange loss – non-exceptional | **(257,325)** | (101,995) |
| Exceptional administrative income – reversal of accruals in respect of indirect taxes [1] | **232,945** | 1,326,829 |
| Exceptional administrative expenses | **-** | (159,677) |
| Non-exceptional administrative expenses | **(103,365)** | (310,923) |

[1] Exceptional administrative income relates to the reversal of accruals that had been recognised in the financial statements in respect of indirect taxes. These accruals were found to be excessive in light of VAT being recovered that was previously thought to be irrecoverable.

The auditors' remuneration in both years was borne by a fellow subsidiary undertaking. The audit fee relating to the Company was €14,500 (2014: €14,500).

The remuneration of the Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company (2014: €nil). The Directors are also Directors of a number of companies within the Group and it is not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies of which they are a Director.

## 3 Interest receivable and similar income

| | **Year ended 30 September 2015** | Year ended 30 September 2014 |
|---|---|---|
| | **€** | € |
| Bank interest income | **-** | 605 |

## 4 Tax on (loss) / profit on ordinary activities

### (i) Analysis of tax charge / (credit) in year

| | **Year ended 30 September 2015** | Year ended 30 September 2014 |
|---|---|---|
| | **€** | € |
| Current tax: | | |
| Amounts (receivable from) / payable to fellow subsidiaries for group relief | **(26,188)** | 166,065 |
| **Total current tax** | **(26,188)** | 166,065 |
| **Total deferred tax** | **-** | - |
| **Tax (credit) / charge on (loss) / profit on ordinary activities** | **(26,188)** | 166,065 |

## 4 Tax on (loss) / profit on ordinary activities (continued)

### (ii) Factors affecting the current tax charge / (credit) for the year

The current tax credit for the year is equal (2014: equal) to the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%). This is shown below:

| | **Year ended 30 September 2015 €** | Year ended 30 September 2014 € |
|---|---|---|
| (Loss) / profit on ordinary activities before taxation | **(127,745)** | **754,839** |
| (Loss) / profit on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22.0%) | **(26,188)** | **166,065** |
| **Current (credit) / tax charge for the year** | **(26,188)** | **166,065** |

### (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 17% 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 accordingly, it is estimated that this will not have a material effect on the Company.

## 5 Debtors

| | **30 September 2015 €** | 30 September 2014 € |
|---|---|---|
| Amounts owed by group undertakings | **4,583,786** | 15,609,680 |
| Group relief receivable | **288,963** | 265,286 |
| Other debtors including sales taxes | **916,164** | 880,322 |
| | **5,788,913** | 16,755,288 |

In the year ended 30 September 2015 other debtors of €916,164 (2014: €880,322) relates to net VAT receivables.

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

## 6 Creditors: amounts falling due within one year

| | 30 September 2015 € | 30 September 2014 € |
|---|---|---|
| Trade creditors | 162,919 | 18,719 |
| Amounts owed to Group undertakings | - | 11,014,429 |
| Other creditors including taxation | 8,242 | 3,373 |
| | 171,161 | 11,036,521 |

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities at either 30 September 2014 or 30 September 2015.

## 7 Called up share capital

| | 30 September 2015 € | 30 September 2014 € |
|---|---|---|
| **Issued and fully paid** | | |
| 56,104,904 (2014: 56,104,904) ordinary shares of £1 each | 64,007,338 | 64,007,338 |

## 8 Profit and loss account

| | € |
|---|---|
| At 1 October 2014 | (58,283,599) |
| Loss for the financial year | (101,557) |
| **At 30 September 2015** | **(58,385,156)** |

## 9 Reconciliation of movements in shareholders' funds

| | Year ended 30 September 2015 € | Year ended 30 September 2014 € |
|---|---|---|
| Opening equity shareholders' funds | 5,723,739 | 5,134,965 |
| Loss / (profit) for the year | (101,557) | 588,774 |
| **Closing equity shareholders' funds** | 5,622,182 | 5,723,739 |

## 10 Related party disclosures

The Company has taken advantage of the exemption contained in Financial Reporting Standard No.8 "Related Party Disclosures", as it is a wholly-owned subsidiary of TUI AG. Therefore, the Company has not disclosed related party transactions or balances with wholly-owned entities that form part of the group headed by TUI AG.

## 11 Ultimate parent company

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 JNB (Bristol) Limited.

**11 Ultimate parent company (continued)**

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.