

**Sunshine Cruises Limited**  
**Annual Report and financial statements**  
**for the financial year ended 30 September 2018**  
**Company number 3991465**

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**Sunshine Cruises Limited**  
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**Sunshine Cruises Limited**  
**Directors and other information**

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**Directors**

R Coldrake  
J Smith  
B Vazquez

**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**

3991465

The Directors present their Report on Sunshine Cruises Limited (the "Company") for the financial year ended 30 September 2018.

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 Company ceased trading at the end of October 2015, and following the disposal of the Company's cruise ship on 27 November 2015. It is only expected to undertake transactions to wind down the Company until such time as it is appropriate to strike off the Company.

#### **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:

R Coldrake  
J Smith (appointed 7 September 2018)  
B Vazquez (appointed 28 September 2018)

Other Directors who served during the year were:

J Gubbay (resigned 27 April 2018)  
C Starling (resigned 7 September 2018)

#### **Funding, liquidity and going concern**

The Company's loss before taxation for the financial year ended 30 September 2018 was £140k (2017: £206k). An interim dividend of £30,000k was paid during the year (2017: £nil). The Directors do not recommend the payment of a final dividend (2017: £nil).

At 30 September 2018, the Company had net current assets of £3,978k (2017: £34,091k). The Directors have considered the funding and liquidity position of the Company in light of the fact that it has ceased trading from 27 November 2015. 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 16.

#### **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.

**Sunshine Cruises Limited**  
**Directors' Report for the financial year ended 30 September 2018**

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**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.

Approved by the Board and signed on its behalf by



J. Smith  
Director

Company Number 3991465

Date: 27 June 2019.

**Sunshine Cruises Limited**  
**Directors' responsibilities statement**

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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; 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.

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Sunshine Cruises Limited (the 'Company'):

- give a true and fair view of the Company's affairs as at 30 September 2018 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 17.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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;
- 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  
1 New Street Square, London, United Kingdom  
Date: 27 June 2019



|  |      | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|--|------|--|--|
|  | Note |  |  |
| Revenue  |      | -  | -  |
| Cost of sales  |      | (139)  | (206)  |
| Gross loss   |      | (139)  | (206)  |
| Administrative expenses  |      | (1)  | -  |
| Operating loss before taxation   | 7    | (140)  | (206)  |
| Tax credit   | 8    | 27   | 40   |
| Loss for the financial year attributable to owners of the Company  |      | (113)  | (166)  |
| Total Comprehensive expense for the financial year, net of tax,<br>attributable to owners of the Company |      | (113)  | (166)  |

The results stated above are all derived from operations that were discontinued at the end of November 2015.

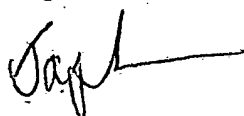
As all of the operations of the Company have been discontinued the Company has applied the presentation above in a single column for each year presented. The Directors believe this presentation is more transparent and useful to readers of these financial statements given the circumstances of the Company.

**Sunshine Cruises Limited**  
**Statement of Financial Position as at 30 September 2018**

|   |      | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|---|------|--|--|
|   | Note |  |  |
| <b>Current assets</b>                                     |      |  |  |
| Trade and other receivables                               | 10   | 4,213  | 34,369   |
| Cash and cash equivalents                                 |      | 1  | 1  |
|   |      | <u>4,214</u>   | <u>34,370</u>  |
| <b>Total assets</b>                                       |      | <u>4,214</u>   | <u>34,370</u>  |
| <b>Current liabilities</b>                                |      |  |  |
| Trade and other payables                                  | 11   | (33)   | (76)   |
| Provisions for liabilities                                | 12   | (203)  | (203)  |
|   |      | <u>(236)</u>   | <u>(279)</u>   |
| <b>Total liabilities</b>                                  |      | <u>(236)</u>   | <u>(279)</u>   |
| <b>Net assets</b>   |      | <u>3,978</u>   | <u>34,091</u>  |
| <b>Equity</b>   |      |  |  |
| Called up share capital                                   | 13   | 30   | 30   |
| Retained earnings   | 14   | 3,948  | 34,061   |
| <b>Total equity attributable to owners of the Company</b> |      | <u>3,978</u>   | <u>34,091</u>  |

The notes on pages 11 to 17 form part of these financial statements.

The financial statements on pages 8 to 17 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



J Smith  
Director

Company Number 3991465

Date: 27 June 2019

Sunshine Cruises Limited

Statement of Changes in Equity for the financial year ended 30 September 2018

|  | Called up<br>share capital<br>£'000 | Retained<br>earnings<br>£'000 | Total equity<br>£'000 |
|--|-------------------------------------|-------------------------------|-----------------------|
| Note   |                                     |                               |                       |
| At 1 October 2016                                  | 30                                  | 34,227                        | 34,257                |
| Total Comprehensive expense for the financial year |                                     | (166)                         | (166)                 |
| At 30 September 2017                               | 30                                  | 34,061                        | 34,091                |
| Total Comprehensive expense for the financial year |                                     | (113)                         | (113)                 |
| Dividends paid                                     | 9                                   | (30,000)                      | (30,000)              |
| At 30 September 2018                               | 30                                  | 3,948                         | 3,978                 |

**1. General information**

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered and domiciled in England & Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 3991465.

From 27 November 2015 the Company ceased to trade as a cruise ship operator and operations have been winding down since this date. This is expected to continue until such time that it is appropriate to strike off the Company.

**2. Basis of preparation**

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 requirements of EU-adopted IFRS. 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.

**Going Concern**

The Company's business activities and financial position, are set out in the Directors Report on page 3.

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 and the new Interpretation that are mandatorily effective for the current year**

No 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 2017 are applicable to the entity in the current financial year.

**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, 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.

**Operating loss**

Operating loss is stated before investment income and finance activities.

**Current and deferred tax**

The tax expense 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 Statement of 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 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.

### 3. Summary of significant accounting policies (continued)

#### Financial assets

The Company classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables include trade and other receivables, cash and other amounts due from Group undertakings and third parties. Loans and receivables are recognised initially at fair value and subsequently at amortised cost.

##### ii. Impairment of financial assets

The Company's financial assets held at amortised cost and cost less impairment is assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

#### Trade and other receivables

Trade and other receivables are amounts due from customers and third parties for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment losses. Amounts due from Group undertakings arising from trading activities are accounted for in the same manner.

#### Cash and cash equivalents

Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments.

#### Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and other third parties. If payment is expected in one year or less, they are classified as current liabilities, if not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Amounts due to Group undertakings resulting from trading activities are accounted for in the same manner.

#### Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. The increase in the provision due to passage of time is recognised as a financial expense where material.

#### Share capital

Ordinary shares are classified as equity.

#### 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 dividend becomes a legal obligation of the Company. For final dividends, this will be when they are approved by the Company and for interim dividends; this will be when they have been paid.

**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 17. 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.   |
| 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.  |
| 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 estimates and judgments**

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgments, 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 financial year are disclosed as follows:

**Key areas of judgement:****i) Provisions**

The Company is currently facing outstanding litigation and customer class action claims. In accounting for provisions, judgement and estimation is required in determining occurrence probability, maturity and level of risk, should the Company be found liable for settlement. Details of provisions made are disclosed in Note 12.

**6. Employees and Directors**

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

**Directors' remuneration**

The Directors received no remuneration for their services as Directors of the Company (2017: £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 (2017: £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 before taxation**

|   | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|---|--|--|
| Loss before taxation is stated after expensing/(crediting): |  |  |
| Foreign exchange loss / (gains)                             | 2  | (76)   |

**Auditor's remuneration**

In 2018 and 2017, the auditor's remuneration was borne and paid by TUI UK Limited, and not recharged out.

**8. Tax credit**

The tax credit can be summarised as follows:

**(i) Analysis of tax credit in the year**

|  | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|--|--|--|
| Current tax:   |  |  |
| Amounts receivable from fellow subsidiaries for group relief     | (27)   | (40)   |
| Tax current tax  | (27)   | (40)   |
| <b>Total tax credit in the Statement of Comprehensive income</b> | <b>(27)</b>  | <b>(40)</b>  |

**(ii) Factors affecting the tax credit in the year**

The tax credit (2017: credit) for the financial year ended 30 September 2018 is equal to (2017: is equal to) the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%). This is shown in the table below:

|  | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|--|--|--|
| Loss before taxation   | (140)  | (206)  |
| Loss multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2017: 19.5%) | (27)   | (40)   |
| <b>Total tax credit in the Statement of Comprehensive income</b>                                   | <b>(27)</b>  | <b>(40)</b>  |



**8. Tax credit (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 2016 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 17% from 1 April 2020. Therefore, at 30 September 2018, deferred tax assets and liabilities have been calculated based on rates of 19% and 17% where the temporary differences are expected to reverse before and after 1 April 2020 respectively. This reduction may reduce the Company's future tax expenses accordingly.

**9. Dividends**

The aggregate amount of dividends paid during the financial year comprises:

|  | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|--|--|--|
| Interim dividend of £1,000 (2017: £nil) per ordinary share | 30,000   | -  |

**10. Trade and other receivables**

|   | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|---|--|--|
| Amounts due from other group undertakings | 2,794  | 33,185   |
| Group relief receivable                   | 27   | 40   |
| Other receivables                         | 1,392  | 1,143  |
| VAT                                       | -  | 1  |
|   | <u>4,213</u>   | <u>34,369</u>  |

**Amounts due from Group undertakings**

Amounts due from Group undertakings are unsecured, interest-free and repayable on demand. The total amounts due from Group undertakings amount to £2,821k (2017: £33,225k). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

**11. Trade and other payables**

|   | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|---|--|--|
| Trade payables                          | -  | 76   |
| Amounts due to other Group undertakings | 33   | -  |
|   | <u>33</u>  | <u>76</u>  |

**Amounts due to Group undertakings**

Amounts due to Group undertakings are unsecured, interest-free and repayable on demand. The total amounts due to Group undertakings amount to £33k (2017: £nil). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

**12. Provisions for liabilities**

Analysis of the movements during the year:

|   | Litigation<br>£'000 |
|---|---------------------|
| At 1 October 2017 and 30 September 2018 | <u>203</u>          |

**Litigation**

The above provision relates to outstanding litigation and customer class action claims for which a provision is made for the excess over insurance recoveries. The provision is classified as a current liability since the Company expects to discharge the liability within twelve months after the year end.

**13. Share capital**

|   | Financial year<br>ended<br>30 September<br>2018<br>£'000 | Financial year<br>ended<br>30 September<br>2017<br>£'000 |
|---|--|--|
| <b>Authorised</b>                                   |  |  |
| 30,000 (2017: 30,000) ordinary shares of £1.00 each | <u>30</u>  | <u>30</u>  |
| <b>Issued and fully paid</b>                        |  |  |
| 30,000 (2017: 30,000) ordinary shares of £1.00 each | <u>30</u>  | <u>30</u>  |

**14. 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. |

**15. 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.

**16. Post balance sheet events**

At the date of signing these financial statements, the 737-MAX aircraft have been grounded worldwide following incidents involving the type globally. On 29 March 2019, TUI AG announced their assessment of the expected impact on group profitability as a result of incremental costs incurred in order to continue to provide services to customers. The total impact is dependent on the length of time the aircraft remains grounded. As announced, this event is expected to have a material adverse impact on 2019 group-wide performance, however the Directors of this entity do not consider this event to have any impact on the financial statements for the year ended 30 September 2018, or use of the going concern basis of preparation for this entity.

**17. 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 First Choice Holidays 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](http://www.tuigroup.com/en-en).

No other financial statements include the results of the Company.