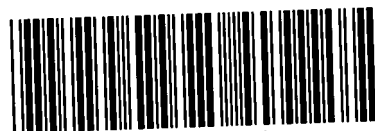


TUI Travel Overseas Holdings Limited
Annual Report and financial statements
for the year ended 30 September 2018
Company number 04998708

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TUI Travel Overseas Holdings Limited
Directors and other information

Directors

D J Burling
A K Jarvis
T Lindner
T G Pietzka

Registered Office

Wigmore House
Wigmore Lane
Luton
LU2 9TN

Independent Auditor

Deloitte LLP
Statutory auditor
1 New Street Square
London
United Kingdom

Bankers

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

Registered number

04998708

The Directors present their Strategic report on and the audited financial statements of TUI Travel Overseas Holdings Limited (the "Company") for the year ended 30 September 2018.

The Company's principal activity during the year continued to be that of an intermediate holding company within the TUI AG group of companies (the "Group").

Review of the business

The Company's direct and indirect trading subsidiaries operate across all sectors of the Group and mainly comprise tour operator and destination services businesses, and their intermediate holding companies. A full list of all subsidiaries and joint ventures is provided in Notes 11, 12 and 13 of these financial statements.

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance.

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Loss before taxation	(20,311)	(1,617)
Net current assets	17,855	60,946
Net assets	103,016	93,001

As the Company does not employ personnel or provide tour operating services itself, analysis of the Company's performance using KPIs relating to environmental and employee matters are not considered relevant.

Since the Company is an Intermediate parent company, the Company's business performance and key performance indicators are driven by both the underlying operating performance of its subsidiaries and the capital structure of the Company. In the years ended 30 September 2018 and 30 September 2017, no dividends were received from its subsidiaries. Amounts written off investments and associates for the year ended 30 September 2018 totalled £19,320,386 (2017: £69,666,383) following reviews of the carrying value of all its investments, further details of which are included in Notes 11, 12 and 13.

Interest expense for the year totalled £200,015 (2017: £2,209,656) on loan amounts due to Group undertakings of £38,518,307 (2017: £38,682,831) which was fully repaid including accrued interest on 3 November 2018, details of which are in Note 14 of these financial statements.

The Company's loss before taxation for the year ended 30 September 2018 was £20,310,504 (2017: loss £1,616,514). During the year the Company did not pay an interim dividend (2017: £nil) and the Directors are unable to recommend the payment of a final dividend (2017: £nil).

During the year ended 30 September 2018, the Company increased its investments into subsidiaries, joint ventures and associates by £54,718,859. The Company also disposed of an investment fully impaired realising a profit on disposal of £6,710,449.

The investment additions were partly funded via the issuance of 29,800,000 ordinary £1.00 shares to the Company's parent company TUI Travel Limited, for total consideration of £29,800,000.

Details of the Company's investments, including additions, disposals and impairment charges are provided in Notes 11, 12 and 13.

Funding, liquidity and going concern

At 30 September 2018, the Company had net assets of £103,016,000 (2017: £93,001,000) and net current assets of £17,885,000 (2017: £60,946,000). 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.

The Company will continue to act as an Intermediate holding company, making both acquisitions and disposals in the future years. There is no intention to change this function in future years.

Post balance sheet events

Details of post balance sheet events are included in Note 18 of these financial statements.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are:

- **Profitability of the Company's subsidiaries and dividends received.** Dividends received from the Company's subsidiaries are variable and the timing and amount of each dividend is dependent upon the long-term success and profitability of each subsidiary. Since the majority of the Company's profits are generated by dividends received from its subsidiaries, the Company's profitability from one year to another can therefore vary significantly.
- **Recoverability of the carrying value of investments.** The Company provides capital to its subsidiary undertakings when necessary in order to promote their long-term development and success. The recoverability of each investment will depend upon this long-term success and the future cash flows that are expected to be generated by each subsidiary. To the extent that the future cash flows do not support the carrying value of the investment, an impairment is required to be recognised in the Company's statement of total comprehensive income.
- **Capital structure and funding.** The Company has access to funding in the form of either capital from its immediate parent company or from long-term interest-bearing loans from a fellow Group subsidiary or bank overdraft facilities.

Throughout the financial year, the directors of the ultimate parent undertaking, TUI AG, managed the Group's risks, which include those of the Company and its subsidiaries. Further information on these risks, together with how these are mitigated, can be found in the TUI AG Annual report and accounts 2017/18. Details of where these financial statements can be obtained are Note 19 in these financial statements.

On behalf of the Board



A K Jarvis
Director

Company Number 04998708

Dated 25 February 2019

The Directors present their Directors' report on and the audited financial statements of TUI Travel Overseas Holdings Limited (the "Company") for the year ended 30 September 2018.

Directors

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

D J Burling	
A K Jarvis	
T Lindner	(appointed 15 November 2017)
T G Pietzka	(appointed 15 November 2017)

Other Directors who served during the financial year were:

T Woelke	(resigned 15 November 2017)
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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.

Independent auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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.

Business review

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of financial risk exposure and management, dividends and future developments are included within the Strategic Report. Details of post balance sheet events can be found in Note 17.

Directors' responsibilities statement

The Directors are responsible for preparing the annual reports of the Directors and financial statements in accordance with applicable law and regulations.

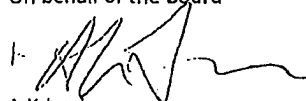
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

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

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

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

On behalf of the Board



A K Jarvis
Director

Company Number 04998708

Dated 25 February 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TUI Travel Overseas Holdings Limited (the 'company'):

- give a true and fair view of the state 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 balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the reports of the directors, 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 respect of these matters.

Responsibilities of directors

As explained more fully in the statement of Directors' responsibilities, 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 Financial Reporting Council's website at: 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

Matters on which we are required to report by exception

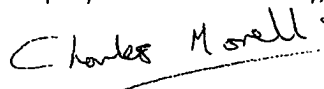
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Charles Morelli (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Gatwick, United Kingdom

26 February 2019

TUI Travel Overseas Holdings Limited
Statement of comprehensive income for the year ended 30 September 2018

		Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
	Note		
Administrative (expenses)/ income	6	(15,987)	18,342
Operating (loss)/profit		(15,987)	18,342
Amounts written off investments	6	(19,321)	(69,666)
Reversal of Investment impairments	6	8,370	-
Profit on disposal of investments	6	6,710	52,310
Profit on disposal of licenses	6	-	358
(Loss)/Profit before interest and taxation		(20,228)	1,344
Finance income	8	121	3
Finance expense	9	(204)	(2,964)
Loss before taxation	6	(20,311)	(1,617)
Tax credit	10	526	474
Loss for the financial year attributable to owners of the parent		(19,785)	(1,143)
Total comprehensive expense for the year attributable to owners of the parent		(19,785)	(1,143)

TUI Travel Overseas Holdings Limited
Balance sheet as at 30 September 2018

		30 September 2018	30 September 2017
	Note	£'000	£'000
Non-current assets			
Investments in subsidiaries	11	68,937	33,539
Investments in joint ventures	12	12,440	7,824
Investments in associates	13	3,754	-
		<u>85,131</u>	<u>41,363</u>
Current assets			
Income tax – group relief recoverable		526	474
Cash and cash equivalents		17,396	89,884
		<u>17,922</u>	<u>90,358</u>
Total assets		<u>103,053</u>	<u>131,721</u>
Current liabilities			
Interest-bearing loans and borrowings	14	-	(29,375)
Trade and other payables	15	(37)	(37)
		<u>(37)</u>	<u>(29,412)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	14	-	(9,308)
		<u>-</u>	<u>(9,308)</u>
Total liabilities		<u>(37)</u>	<u>(38,720)</u>
Net assets		<u>103,016</u>	<u>93,001</u>
Equity			
Called up share capital	16	195,743	165,943
Retained earnings		(92,727)	(72,942)
Total equity attributable to owners of the parent		<u>103,016</u>	<u>93,001</u>

The notes on pages 12 to 21 form part of these financial statements.

The financial statements on pages 9 to 21 were approved and authorised for issue by the Board of Directors on 25 February 2019 and signed on its behalf by:



A K Jarvis
Director

TUI Travel Overseas Holdings Limited
Statement of changes in equity for the year ended 30 September 2018

	Note	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 October 2016		102,843	(71,799)	31,044
Total comprehensive expense for the year		-	(1,143)	(1,143)
Issue of share capital		63,100	-	63,100
At 30 September 2017		165,943	(72,942)	93,001
Total comprehensive expense for the year		-	(19,785)	(19,785)
Issue of share capital	16	29,800	-	29,800
At 30 September 2018		195,743	(92,727)	103,016

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 04998708.

The principal activity of the Company continues to be that of an intermediate holding company within the TUI AG group of companies (the "Group").

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.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Directors' Report on pages 3 to 6. The directors having considered the valuations of the investments in other Group companies have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

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 International Financial Reporting Standards ("IFRS").

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 pound, 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

It is considered that none of the amendments to IFRSs issued by the International Accounting Standards Boards ("IASB") in the current year are applicable to the Company.

Investments

Investments are recognised at cost less accumulated impairment losses.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss, 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) Financial assets at cost less impairment

Financial assets at cost less impairment are financial assets in subsidiary undertakings for which no fair value can be reliably measured and are therefore held at cost less impairment.

Impairment of financial assets

The Company's assets held at amortised cost and cost less impairment are 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.

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

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. In the balance sheet, bank overdrafts are shown in current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently carried at amortised cost. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current liabilities. The Company's borrowings comprise loans due to a fellow Group subsidiary and a bank overdraft.

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 third party suppliers or other Group companies. If payment is due within 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.

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

Dividends

Dividend income is recognised when the right to receive payment is established. For interim dividends from UK subsidiaries, this is the period in which the dividends are received. For final dividends from UK companies or from overseas subsidiaries where the deduction of the dividend is legally obliging on that entity, the dividend is recognised at the date of the declaration.

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. For interim dividends, this will be when they have been paid.

Finance income and finance expense

Finance income recognised in the statement of total comprehensive income mainly comprises interest receivable on loans due from Group direct and indirect subsidiaries. Finance expense recognised in the statement of total comprehensive income mainly comprises interest expense on loans due to Group direct and indirect subsidiaries and joint ventures, interest expense on bank overdrafts and foreign exchange losses.

Current tax

The tax expense for the year comprises current tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the year. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Called up 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 18. 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.
	38 A to D	Certain additional comparative information.
	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 judgements**

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, 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,

The estimates and underlying assumptions are reviewed on an ongoing basis. 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:

a) **Investments in subsidiary undertakings**

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

6. Loss before taxation

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Loss before taxation is stated after charging/(crediting):		
Amortisation of intangible fixed assets	-	1
Profit on disposal of licenses	-	358
Amounts written off investments in subsidiary undertakings (Note 11)	19,321	69,666
Reversal of investment impairments (Note 12)	4,616	-
Reversal of investment impairments (Note 13)	3,754	-
Profit on disposal of investments in subsidiaries (Note 11)	6,710	52,310
Amounts waived due from Group undertakings	13,300	-
Impairment of amounts due from Group undertakings	-	4,900
(Reversal of impairment) of amounts due from Group undertakings	-	(23,564)
Foreign exchange losses on financial items	4	153
Management charges	2,686	181

During the year, a loan of £13,300,302 due from Inter Hotel SARL, and indirect subsidiary of the Company was assigned to the Company from TUI France SAS, another Group company. The loan was subsequently waived and charged to the statement of comprehensive income in the year.

Administrative (expenses)/income are principally comprised of amounts waived due from Group undertakings, impairments and reversals of impairments of amounts due from Group undertakings and management charges.

Auditors' remuneration

The audit fee for 2018 was £43,031 (2017: £43,031). These fees have been paid by another Group company in both years and have not been recharged to the Company.

7. Employees' and Directors' remuneration

The Company had no employees and therefore incurred no related employee costs in the current or preceding financial year.

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.

8. Finance income

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Bank interest income	121	3
Total finance income	121	3

9. Finance expense

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Interest expense on loans from Group undertakings	200	2,210
Foreign exchange loss	4	153
Bank interest expense	-	301
Total finance expense	204	2,964

10. Tax credit

The tax credit can be summarised as follows:

(i) Analysis of tax credit in the year

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Current tax:		
- Amounts receivable from fellow subsidiaries for group relief	(526)	(570)
- Adjustment in respect of prior periods	-	96
Total current tax	(526)	(474)
Total tax credit in the statement of comprehensive income	(526)	(474)

(ii) Factors affecting the tax credit in the year

The tax credit (2017: credit) for the year ended 30 September 2018 is lower than (2017: greater than) the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%). The differences are shown in the table below:

	Year ended 30 September 2017 £'000	Year ended 30 September 2017 £'000
Loss before taxation	(20,311)	(1,617)
Loss multiplied by the effective standard rate of UK corporation tax of 19.0% (2017: 19.5%)	(3,859)	(315)
Effects of:		
- Expenses not deductible for tax purposes	4,608	14,540
- Income not taxable	(1,275)	(14,795)
- Adjustment in respect of prior periods	-	96
Total tax credit in the statement of comprehensive income	(526)	(474)

(iii) Factors affecting the future tax charge

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

At the balance sheet date Finance Act 2016 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 17% from 1 April 2020. This reduction may reduce the Company's future tax expenses accordingly.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2018 or 30 September 2017.

11. Investments in subsidiaries

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2017	179,188
Additions	54,719
Disposals	(39)
At 30 September 2018	<u>233,868</u>
Impairment:	
At 1 October 2017	145,649
Charged during the year	19,321
Disposals	(39)
At 30 September 2018	<u>164,931</u>
Net book value:	
At 30 September 2018	<u>68,937</u>
At 30 September 2017	<u>33,539</u>

Additions:

Additions in Investments comprise the following transactions which occurred during the year ended 30 September 2018:

Investment	Date of addition	Shares acquired (number)	Par value of share	Total consideration £'000
Magic Hotels SA	15 November 2017	294,200	TND 50.00	4,414
Magic Hotels SA	12 February 2018	2,337,719	TND 11.875	8,211
Itaria Limited	29 May 2018	1	€1.00	2,634
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	26 June 2018	172,000,000	TRL 1.00	27,339
Magic Hotels SA	2 August 2018	731,550	TND 50.00	<u>12,121</u>
				<u>54,719</u>

Disposals:

Disposals in Investments comprise the following transactions which occurred during the year ended 30 September 2018:

Subsidiary	Date of disposal	Shares disposed (number)	Total consideration £'000	Carrying value of investment disposed £'000	Profit on disposal £'000
Follow Coordinate Hotels Portugal Lda	16 April 2018	50,000	6,710	-	6,710
			<u>6,710</u>	<u>-</u>	<u>6,710</u>

Amounts impaired during the year:

Following a review of the recoverable value of the Company's investments, the following impairments have been charged to the total statement of comprehensive income in the year:

Subsidiary	Impairment charge £'000
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	-
Magic Hotels SA	16,687
Itaria Limited	<u>2,634</u>
	<u>19,321</u>

11. Investments in subsidiaries (continued)

List of investments in subsidiaries at 30 September 2018:

Name of undertaking	Country of Incorporation	Registered address	Share class	% held directly by the Company	Total % held by Group companies
Hannibal Tours S.A.	Tunisia	5 Rue Saint Fulgence Mutuelleville, Wandsworth,, Tunis 1002	TND10.00 Ordinary shares	0.01	51
Inter Hotel SARL	Tunisia	54 Rue du Niger, 1002 Tunis Belvedere.	TND10.00 Ordinary shares	-	100
Itaria Limited	Cyprus	Capital Chambers 1, Constantinou Skokou, 5th Floor, Nicosia, P.C. 1061.	€1.00 Ordinary shares	100	100
TUI Travel Distribution N.V.	Belgium	Gistelsesteenweg 1, B-8400 Oostende.	€ Ordinary shares	51	100
Magic Hotels SA	Tunisia	71 Rue Alain Savary, Tunis, 1003	TND50.00 Ordinary shares	100	100
Magic Life Egypt for Hotels LLC	Egypt	Magic Life Sharm El Shaeikh Hotel Resort, Nabq, Sharm El Shelkh, South Sinal Governorate, Egypt	EGP100.00 Ordinary shares	99.94	100
Magic Life Greece Tourist Enterprises Limited Liability Company (in liquidation)	Greece	11 Kalamaklou Avenue, Alimos.	€3,390.00 Ordinary shares	99.90	100
Magic Tourism International S.A.	Tunisia	Complexe Le Forum, No B42, 4e Etage, 1 Rue de Carthage, Ariana	TND100.00 Ordinary shares	97	98.50
Societe d'investissement et d'exploitation du Paladien Calcatoggio	France	Hotel Le Grand Bleu, Plage de Liscia, 20111, Calcatoggio.	€3.175 Ordinary shares	100	100
Travel Choice Limited	United Kingdom	Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN	£1.00 Ordinary Shares	100	100
TT Hotels Italia S.R.L.	Italy	Via Principessa Clotilde 7 Rome (RM) 00196	€1.00 Ordinary shares	100	100
TT Hotels Turkey Oteli Hizmetleri Turizm ve Ticaret Anonim Sirketi	Turkey	Güzeloba Mah. Havaalanı Cad. No:64 Plaza Batuhan, Muratpaşa / Antalya, D:6-7.	TRL1.00 Ordinary shares	100	100
Tunisie Investment Services Holding	Tunisia	Rue de Lengergle Solalre, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	2.	51
Tunisie Voyages S.A.	Tunisia	Rue de Lengergle Solalre, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	0.01	51

The Directors believe that the book value of all existing investments is supported by the higher of underlying net assets or their recoverable value.

12. Investments in joint ventures

	Investments in joint ventures £'000
Cost:	
At 1 October 2017 and at 30 September 2018	12,440
Impairment:	
At 1 October 2017	4,616
Reversal of impairment	(4,616)
At 30 September 2018	-
Net book value:	
At 30 September 2018	12,440
At 30 September 2017	7,824

Reversal of impairment:

Following a review of the recoverable value of the Company's investments in joint ventures, the impairment in Karisma Hotels Caribbean S.A. has been reversed to increase the net book value of the cost of investment and crediting the statement of comprehensive income in the year. The reversal of the impairment reflects the value of the discounted cash flow forecasts of the investment to the Company.

List of investments in joint ventures at 30 September 2018:

Name of undertaking	Country of Incorporation	Registered address	Share class	% held by directly by the Company	% held by Group companies
Bartu Turizm Yatirimlari Anonim Sirketi	Turkey	Ebulula Cad. Mayamerlden, Plaza D.2 Blok, Kat:3 D:13 Akatlar, Istanbul.	€1.00 Ordinary shares	-	50
Farnbury International S.A.	Panama	Calle 53 Este, Urbanizacion Marbella, Torre MMG, 2nd Floor, Panama.	US\$1.00 Ordinary shares	-	50
Karisma Hotels Caribbean S.A.	Panama	Calle 53 Este, Urbanizacion Marbella, Torre MMG, 2nd Floor, Panama.	US\$1.00 Ordinary shares	50	50
Panac Hotel Dominicana S.R.L.	Dominican Republic	Lope de Vega Avenue No 19, Torre PIISA II, Suite 301, Santa Domingo.	DOP100.00 Ordinary shares	-	50
Panac Hotel Investments S.A.	Panama	Calle 53 Este, Urbanizacion Marbella, Torre MMG, 2nd Floor, Panama.	US\$1.00 Ordinary shares	-	50
Sercomax S.R.L.	Panama	Calle 53 Este, Urbanizacion Marbella, Torre MMG, 2nd Floor, Panama.	DOP100.00 Ordinary shares	-	50

The Directors believe that the book value of all existing investments in joint ventures is supported by the higher of underlying net assets or their recoverable value.

13. Investments in associates

	Investments in associates £'000
Cost:	
At 1 October 2017 and at 30 September 2018	3,754
Impairment:	
At 1 October 2017	3,754
Reversal of Impairment	(3,754)
At 30 September 2018	-
Net book value:	
At 30 September 2018	3,754
At 30 September 2017	-

Reversal of impairment:

Following a review of the recoverable value of the Company's Investments in joint ventures, the impairment in Karisma Hotels Adriatic d.o.o. has been reversed to increase the net book value of the cost of investment and crediting the statement of comprehensive income in the year. The reversal of the impairment reflects the improvement in the future prospects of the associate.

List of Investments in associated undertakings at 30 September 2018:

Name of Undertaking	Country of Incorporation	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
Hotell Zivogosce d.d	Croatia	Zivogosce (Općina Podgora), Porat 136	HRK10.00 Ordinary shares	-	33.33
Karisma Hotels Adriatic d.o.o.	Croatia	Trg Drazena Petrovica 3, Zagreb.	HRK28,464,200.00 Ordinary shares	33.33	33.33
Hotell Kolocep d.d	Croatia	Trg Drazena Petrovica 3, Zagreb.	HRK20,000.00 Ordinary shares	-	33.33
Adriasense d.o.o	Croatia	Trg Drazena Petrovica 3, Zagreb.	HRK20,000.00 Ordinary shares	-	33.33
KHA pet d.o.o.	Croatia	Trg Drazena Petrovica 3, Zagreb.	HRK20,000.00 Ordinary shares	-	33.33
KHA tri d.o.o.	Croatia	Trg Drazena Petrovica 3, Zagreb.	HRK20,000.00 Ordinary shares	-	33.33

The Directors believe that the book value of all existing Investments in associates is supported by the higher of underlying net assets or their recoverable value.

14. Interest bearing loans and borrowings

	30 September 2018		30 September 2017	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Amounts due to fellow subsidiaries	-	-	9,308	29,375
	-	-	9,308	29,375

14. Interest bearing loans and borrowings (continued)

Amounts due to fellow subsidiary undertakings

In previous years amounts due to fellow subsidiary undertakings were unsecured and bore interest at 5% above the 6-month LIBOR, there are no amounts due to fellow subsidiary undertakings as at 30 September 2018.

On 3 November 2017 the Company repaid in full its sterling interest bearing loans due to fellow subsidiary undertakings, totalling £38,518,307 including accrued interest, out of its cash reserves.

On 6 July 2018 the Company repaid in full its euro interest bearing loans due to fellow subsidiary undertakings, totalling €405,511 (£359,783) including accrued interest, out of its cash reserves.

Analysis of maturity of loans

	30 September 2018 £'000	30 September 2017 £'000
The maturity of loans due to fellow subsidiary undertakings is as follows:		
No later than one year	-	29,375
Later than two years and no later than five years	-	3,236
Later than five years	-	6,071
	<u>-</u>	<u>38,682</u>

15. Trade and other payables

	30 September 2018 £'000	30 September 2017 £'000
Amounts due to fellow subsidiaries	<u>3</u>	<u>3</u>

Amounts due to fellow subsidiary undertakings

Amounts due to fellow subsidiary undertakings are unsecured, bear no interest and are repayable on demand.

16. Called up share capital

	30 September 2018 £'000	30 September 2017 £'000
Authorised, issued and fully paid		
195,742,947 (2017: 165,942,947) ordinary share of £1.00 each	<u>195,743</u>	<u>165,943</u>

On 20 August 2018, the Company issued 29,800,000 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00 during the year for total cash consideration of £29,800,000.

17. Contingent liabilities

The Company has given guarantees in respect of the indebtedness of other Group companies. It is not expected that any liability will accrue.

18. Post balance sheet events

There were no significant post balance sheet events subsequent to the year end.

19. 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 Travel Limited, a company incorporated 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, 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.