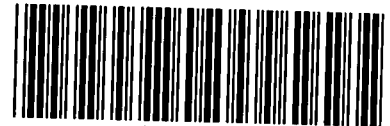


TUI Travel Overseas Holdings Limited
Annual Report and financial statements
for the financial year ended 30 September 2020
Company number 04998708

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Directors	S K Arnold D J Burling T Lindner T G Pietzka G P Weaver
Company Secretary	K M Clear
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	04998708

The Directors present their Strategic report on the audited financial statements of TUI Travel Overseas Holdings Limited (the "Company") for the year ended 30 September 2020.

Principal activity

The Company's principal activity during the financial year continued to be that of an intermediate holding company within the TUI AG group of companies (the "Group") and will remain as such for the foreseeable future.

Key performance indicators

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

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Loss before taxation	(12,740)	(744)
Net current assets	31,913	16,609
Net assets	176,028	151,957

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.

Review of the business

The Company's direct and indirect trading subsidiaries operate across all sectors of the Group and mainly comprise destination services businesses and their intermediate holding companies. Since the Company is an intermediate parent company, the Company's business performance and key performance indicators are driven by the underlying operating performance of its subsidiaries and the capital structure of the Company. The operational performance of its subsidiaries is dependent upon the performance of the rest of the Group, particularly the "UK & I Business", which includes the following principal trading entities: TUI UK Limited; TUI Airways Limited; TUI UK Retail Limited; TUI Ireland Limited and TUI UK Transport Limited). A full list of all subsidiaries, joint ventures and associates is provided in Notes 11, 12 and 13 of these financial statements.

In the years ended 30 September 2020 and 30 September 2019, no dividends were received from its subsidiaries. Amounts written off investments for the year ended 30 September 2020 totalled £8,902k (2019: £1,005k) following reviews of the carrying value of all its investments, further details of which are included in Notes 11, 12 and 13.

The Company's loss before taxation for the year ended 30 September 2020 was £12,740k (2019: loss £744k). During the year the Company did not pay an interim dividend (2019: £nil) and the Directors are unable to recommend the payment of a final dividend (2019: £nil).

During the year ended 30 September 2020, the Company increased its investments in subsidiaries by £17,669k. The investment additions were partly funded via the issuance of 16,835,740 ordinary £1.00 shares to the Company's parent company TUI Travel Limited, for total consideration of £16,836k.

Review of the business (continued)

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Company's business, beginning in March 2020. In line with the UK and Irish Government advice against all but essential foreign travel, the UK & I business took steps to suspend its touristic travel programme beginning in mid-March 2020. Customers who were already overseas around this time experienced disruption to their holidays as a result of various containment strategies put in place by overseas authorities, including some holidays which returned earlier than planned. Following the first wave of the pandemic, and the subsequent easing of travel restrictions, the UK & I business was able to operate a limited travel programme beginning in July 2020, focussed initially on the Balearic Islands and thereafter including Turkey and the Greek Islands during the months of August and September. However due to different and changing travel restrictions in both source market and destinations arising from increasing COVID-19 infection figures, various travel restrictions continued to be in place from July and various restrictions that had previously been eased were reintroduced.

Travel restrictions in Ireland were put back in place in September and the Irish holiday programme, including Crystal Ski, continues to be suspended. As at the current time, all TUI and Crystal holidays departing from Ireland are cancelled up until the 18th July 2021, changes to Irish travel restrictions may result in this extending. Customers are due refunds for holidays cancelled as a result of the pandemic. They have mainly been offered cash refunds, however a small number of customers accepted CAR protected refund credit notes to the full value of any payments made towards these cancelled holidays, together with a separate rebooking incentive.

The UK programme was subject to significant and short notice changes in August, September and October and only a small number of holidays travelled in November prior to the second national lockdown. Since the end of the second national lockdown, the UK business operated a small programme focussed on the Canary Islands, Madeira and certain long-haul destinations until the start of the third national lockdown at the beginning of January 2021. Following on from the UK Government Travel Taskforce report issued on 9th April 2021, the main beach holiday, Marella Cruise and Crystal Ski programs were all once again suspended until at least the 17th May 2021. On 17th May 2021, a limited beach holiday programme recommenced operations and this is expected to increase in line with the 3 weekly Government updates.

Customers are due refunds for holidays cancelled as a result of the pandemic. Customers whose TUI, First Choice, or Marella Cruise package holidays were cancelled prior to 30th April 2021 have been offered ATOL protected refund credit notes to the full value of any payments made towards these holidays, together with a separate rebooking incentive. Cash refunds have been processed for any customers who preferred not to take a refund credit note or where the customer did not take an option to amend their holiday to a future travel date.

In respect of impacted holidays, the UK & I business has refunded c£1.7 billion cash to impacted customers since March 2020, with around 18% of impacted bookings amending to a future travel date or redeeming a refund credit note on a new holiday.

The UK & I Business has taken a number of steps to safeguard existing bookings for departure dates beyond the current cancellation period, including offering customers the option to amend their holiday for free to a future departure date and to extend the deadline for collecting final balances, to give customers more flexibility.

Alongside the cancellation of the holiday programme, the UK & I Business has taken a number of swift and decisive cost reduction measures, including furloughing of staff in response to reduced activity, temporarily reducing the hours and pay of staff who were required to continue to work, temporarily closing the network of TUI Stores and a range of other measures which reduce the fixed cost base. The UK & I Business has also been working closely with its key suppliers to agree fixed cost reduction initiatives alongside agreements to defer or spread amounts due to be paid.

The UK & I Business has benefitted from the UK & Irish Government measures put in place to mitigate the impact of the pandemic, including active participation in the Government's Job Retention Scheme/ Wage Subsidy Scheme and agreement with HMRC/relevant Irish tax authorities to delay the payment of certain business taxes. In addition, TUI AG has secured:

- EUR 2.85 billion additional funding from KfW (a German state-owned bank)
- A further financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF) which included an EUR 509m share issue.
- An offering of senior unsecured bonds convertible due in 2028 with an aggregate principal amount of € 400 million.

Review of the business (continued)

This funding is available for use by selected companies within the TUI Group.

The business, alongside the whole travel industry, remains negatively impacted by the COVID-19 pandemic. At the point of signing of these financial statements, whilst it is not exactly foreseeable when full travel restrictions will be lifted there has been significant progress in the UK in vaccinating against Corona virus and on 17th May 2021 a limited beach holiday programme recommenced operations and this is expected to increase in line with the 3 weekly Government updates. Over time, TUI fully expects restrictions to be reduced and alongside the measures taken by the Group around re-financing and capital increases to further improve its working capital and liquidity position.

The demand for package holidays remains strong and we have seen a significant number of our customers amend existing bookings to a future travel date or to have redeemed a refund credit note on a new holiday. Therefore, the fundamentals of the Company's business model outside of a pandemic remain strong once operations are able to resume.

Whilst at this stage it is too early to know the full impact of the pandemic on the financial year ending 30th September 2021, the result and the financial position of the Company is likely to be impacted due to the travel restrictions that are likely to occur into the of Summer 2021.

Funding, liquidity and going concern

The Company's loss before taxation for the financial year ended 30 September 2020 was £12,740k (2019: loss £744k). An interim dividend of £nil was paid during the year (2019: £nil) and the Directors do not propose the payment of a final dividend (2019: £nil). At 30 September 2020, the Company had net assets of £176,028k (2019: £151,957k).

As described in Note 2, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date, together with the Company and the Group's current liquidity position and contingency plans to secure additional funding, will allow the Company to continue its activities once all travel restrictions are lifted. However, given the ongoing Government travel advice restricting travel to/from certain countries, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. This support includes setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future. The cash flows of the Company are managed centrally by the TUI UK & Ireland tour operator businesses, as are relationships with principal suppliers. Consequently, the majority of the Company's net cash outflow during the year relates to intercompany movements and the impact on the trade of its investments due to COVID-19 restrictions.

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 can be found in Note 20.

Principal risks and uncertainties

Measures taken in order to react to this crisis have also heightened the principal risk profile. Therefore, the integration & restructuring risk has increased, due to the volume and speed of the restructuring required; and the Talent & Leadership risk, due to the cost saving measures related to our employees. Furthermore, Growth Strategy is no longer a principal risk due to the change required in the Group's strategy to focus on costs and consolidation rather than growth of our asset businesses such as Hotels and Cruises.

There is a material uncertainty as to when the TUI Group's travel activities can be fully resumed. If tourism operations cannot be fully resumed in the long term, this might jeopardise the continuation of the Group's business operations, since the companies of the TUI Group might then not be able to realise their assets and repay their liabilities in the ordinary course of business. The Group have a number of measures that it can undertake to address this liquidity risk, such as the utilisation of government aid and the significant reduction of fixed costs.

During this period of travel suspension, the Executive Board continues to monitor the key risks, particularly those heightened risks such as customer demand and those that impact the financial profile (i.e. cost volatility and cash flow) of the Group.

The risks listed are the principal risks to which we are exposed but are not exhaustive and will evolve over time due to the dynamic nature of our business.

Set against the evolving macroeconomic environment, the principal risks and uncertainties which are common to the Group and the Company are:

- **Financial risk.** The Company's activities expose it to a limited measure of financial risk: including credit risk, liquidity risk and cash flow risk.

The vast majority of our trade receivable balance is due from Group undertakings which have a low risk of default.

To minimise liquidity risk, the Company's financial management is centrally operated by TUI AG which acts as the Group's internal bank. The financial management goals include ensuring sufficient liquidity for TUI AG and its subsidiaries and limiting financial risks from fluctuations in currencies, commodity prices and interest rates as well as default risks of treasury activities.

The Group operates liquidity safeguards which have the following two components:

- i) In the course of the annual Group planning process, a multi-annual finance budget is drawn up, from which long-term financing and re-financing requirements are derived. This information and financial market observation to identify refinancing opportunities create a basis for decision-making, enabling appropriate financing instruments for the long-term funding of the Company to be adopted at an early stage.
- ii) The Group uses syndicated credit facilities and bilateral bank loans as well as its liquid funds to secure sufficient short-term cash reserves. Through intra-group cash pooling, the cash surpluses of individual Group companies are used to finance the cash requirements of other Group companies. Bank account dispositioning is based on a monthly rolling liquidity forecast system.

Despite the financial backing of a global organisation the Company recognises the highly seasonal nature of its business, and the associated cash-flow risk. Tourism is an inherently seasonal business with the majority of profits earned in the European summer months.

Cash flows are similarly seasonal, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the summer season.

Details of the Group's financial management strategies are included in the risk report of the TUI AG Annual Report.

Principal risks and uncertainties (continued)

- **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 future cashflows do not support the carrying value of the investment, an impairment is required to be recognised in the Company's Statement of Comprehensive Income.
- **Destination disruption.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as the ongoing COVID-19 pandemic; political volatility as has been seen in Egypt, Turkey and Greece in recent years; the implications of war in countries close to our markets and destinations; and terrorist events such as the tragic incident in Tunisia in 2015. There is the risk that if such an event occurs, impacting one or more of our destinations that we could potentially suffer significant operational disruption and costs in our businesses. We may possibly be required to repatriate our customers and / or the event could lead to a significant decline in demand for holidays to the affected destinations over an extended period of time. The risk has heightened due to COVID-19 whereby the Group is experiencing more destination disruption due to constant changes in travel advice and corridors.
- **Customer demand.** Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain with different markets at different points in the economic cycle and suffering differing levels of economic impact due to COVID-19. Furthermore, in recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. There is the risk that these external factors within our industry will impact on the spending power as well as the desire to travel of our customers. This could impact our short-term growth rates and lead to margin erosion. This risk has heightened due to customer demand being significantly impacted by the pandemic.
- **Input cost volatility.** A significant proportion of Group operating expenses are in non-local currency which therefore exposes the business to fluctuations in both exchange rates and fuel prices. There is the risk that if we do not manage adequately the volatility of exchange rates, fuel prices and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. As a result of the pandemic there is also a risk that there will be no lines available to put in place hedges to manage the volatility of future seasons. There is also the risk that if our hedging policy is too rigid, we may find ourselves unable to respond to competitive pricing pressures during the season without it having a direct detrimental impact on our market position and/or profitability. Furthermore, changes in macroeconomic conditions, such as those currently being experienced as a result of the pandemic, can have an impact on exchange rates which, particularly for the £/€ rate has a direct impact on the translation of non-euro market results into Euros, the reporting currency of our Group.

Principal risks and uncertainties (continued)

- **Cash flow profile.** Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is the risk that if we do not adequately manage cash balances through the winter low period this could impact on the Group's liquidity and ability to settle liabilities as they fall due whilst ensuring that financial covenants are maintained. Due to the COVID-19 pandemic the Group has experienced increasing challenges to the cashflow profile. This is due to operational activity being significantly reduced during the summer months, which is the time when the majority of cash balances are received from customers. We are also experiencing a significantly shorter booking profile whereby customers are booking very close to departure and therefore cash deposits are received later than previous booking patterns.
- **Legal & regulatory compliance.** The Group operates in a highly regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.
- **Health & safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. Therefore, we have introduced measures to enable guests to enjoy their holidays in the knowledge that the highest hygiene standards in relation to COVID-19 have been put in place. There is also the risk of accidents occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday. This could result in reputational damage to the business and/ or financial liabilities through legal action being taken by the affected parties.
- **Supplier reliance.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft and cruise ships. This is heightened by the industry convention of paying hoteliers in advance ('prepayments') to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service. There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers. This is more apparent during the pandemic, whereby suppliers are also experiencing limited operational activity.
- **IT development and strategy.** Our focus is on enhancing customer experience by providing engaging, intuitive, seamless and continuous customer service through delivery of digital solutions, core platform capabilities, underlying technical infrastructure and IT services required to support the Group's overall strategy for driving profitable top line growth. Although the Group's strategy has ensured that we are more vertically integrated, which has reduced impact of disruption by pure digital players, an ineffective IT strategy or technology development could impact on our ability to provide leading technology solutions in our markets. This would therefore impact on our competitiveness, our ability to provide a superior customer experience as well as on quality and operational efficiency. This would ultimately impact on our customer numbers, revenue and profitability.
- **Corporate and social responsibility.** For the Group, economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our business. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector. Our focus is to reduce the environmental impact of our operations and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby creating positive change. There is a risk that we are not successful in driving social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, reduction in demand for our products and services and loss of competitive advantage.

Principal risks and uncertainties (continued)

- **Information security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have to provide to our customers, employees, suppliers and service delivery teams. This is a dynamic risk due to increased global cyber-crime activity and new regulations (e.g. EU GDPR). At the same time our consolidation under the TUI brand and our increasing dependence on online sales and customer care channels (web / mobile) increases our exposure and susceptibility to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.
- **Talent and leadership development.** Our success depends on the ability to attract, retain and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability and maintain the commitment and trust of our employees. Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximise on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence. Due to the pandemic this risk has increased this year as a result of the cost saving measures related to our employees.
- **Integration and restructuring.** Our key principle for integration and restructuring is to consolidate where possible and to localise where needed, particularly throughout our Group Platforms and the Markets & Airlines businesses. As a result, there are a number of harmonisation projects underway across the Group to enable us to leverage synergies.

Furthermore, our continuous review of our own businesses and competitors means that we have an active programme of acquisitions (e. g. the destination management companies from Hotelbeds) and business disposals (e. g. Boomerang Reisen and Berge & Meer businesses) with associated integration projects. In the light of COVID-19 we have downsized our acquisition programme and are focused on disposal options.

There is an inherent risk with any large restructuring or integration programme in managing the complexities associated with further integrating our business and reducing overlapping activities in order to develop a leaner and streamlined operating model. If we are not successful in leveraging and optimising the identified opportunities this could have a significant impact on our ability to deliver the identified benefits in line with expectations and enhance shareholder value. This risk has heightened due to the pandemic, as the Group has had to undertake structural solutions that go beyond the regular standardisation and harmonisation processes.

- **Brexit.** This has given rise to some uncertainty in the areas of employment of UK employees working in the EU predominately in relation to our overseas service reps. The uncertainty focuses on additional working visa requirements and whether we can continue to send the volume of UK employees overseas. This risk is partially mitigated, as we now have implemented a TUI App and have a 24/7 contact centre. In addition, we are able to utilise the service rep's supporting other source markets within TUI and currently our overseas reps are supporting multiple source markets.
Customer could be required to have a visa if visiting certain destinations. Some Non EU countries already request this and there is an established process to make this requirement as customer friendly as possible if such requirements are implemented.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group and the Directors of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how these are mitigated, can be found on pages 33-49 of the TUI AG Annual Report 2020. Details of where these financial statements can be obtained are in Note 22 of these financial statements.

Section 172 statement

All of the companies within the TUI AG group of companies (the “Group”) comply with the group governance structure.

Due to the requirements of Section 172(1) (a) to (f) of the UK Companies Act 2006, certain of the UK registered companies within the Group must now include within the Strategic report of the Annual Report and financial statements, a Section 172 statement. This discloses how the directors of each company have addressed the matters set out in s172(1) (a) to (f) of the UK Companies Act 2006.

By their nature, certain of the matters disclosed are not relevant for all of the companies listed below e.g. Employee related disclosures, as not all of the companies listed have employees.

The directors have included the same disclosures in each of the companies listed below for the Section 172 statement in the companies’ Annual Report and financial statements.

A common Section 172 statement has been prepared for the following companies.

TUI UK Limited
TUI UK Retail Limited
TUI UK Transport Limited
TUI Airways Limited
TUI Travel Limited
TUI Travel Holdings Limited
TUI Travel Overseas Holdings Limited
TUI Travel Aviation Finance Limited
TUI Group Fleet Finance Limited
TUI Travel Group Solutions Limited
First Choice Holidays Limited

The Annual Report and financial statements for each of the companies listed above can be found on the Companies House website <https://find-and-update.company-information.service.gov.uk>

During the financial year the Directors of the Company, both individually and together, acted in a way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, based on information available to them at the time.

The Directors have had regard to the matters set out in s172(1) (a) to (f) of the UK Companies Act 2006 in the following ways:

- **Risk management.** The dynamic nature to the travel industry requires the Board of Directors to respond to opportunities or emerging issues as they occur, therefore the Directors fulfil their duties through a governance framework that delegates day-to day decision making to the management of the Company, which reflects the highly regulated environment in which the Group operates. The Board is also able to draw on the TUI AG Boards wealth of experience when taking decisions which will have a long-term impact on the Company.

The successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of the Group’s Corporate Governance. Details of the principal risks and uncertainties the Company faces can be found in the Strategic report of the Annual Report and financial statements which can be found on the Companies House website <https://find-and-update.company-information.service.gov.uk>

Section 172 statement (continued)

- **Our people.** Our success depends on the ability to attract, retain and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal communication channels which includes monthly face to face meetings, led by the Company's Directors and members of the leadership team.

Over the past five years, our TUItogether employee survey has become an established feedback tool, underpinning the importance of regular feedback as an integral element of TUI's culture. However, the COVID-19 pandemic has created a rapidly changing situation, with many employees in short-time work schemes. In this environment, a global survey would deliver an incomplete snapshot without generating a profound data base for future decisions. TUI has therefore decided to suspend the planned 2020 employee survey including the survey of the engagement index.

Employees have access to a dedicated wellbeing intranet site at TUI. This offers a wealth of benefits and information to help colleagues deal with events and issues in everyday life, an example being "Top tips for taking care of your mental health during the winter lockdown". The site provides links to support and resources available through the Employee Assistance Programme, AXA's Occupational Health service and ABTA's Lifeline charity trust for help when its needed most. Throughout the COVID-19 pandemic managers have been using normal communication channels to keep in touch and support their team. Senior leaders also engaged with all employees via regular Vlogs and update meetings on business performance.

Our global approach to performance and talent management in Great Place to Grow ensures that all employees have opportunities to enhance and achieve their full potential. These performance management principles promote dialogue about performance, career objectives and professional development, enabling TUI to foster and promote talents.

Further information can be found on pages 83 - 89 of the TUI AG Annual Report 2020 which can be found on the TUI AG website www.tuigroup.com/en-en

- **Customers.** Customers continue to value safety, reliability, value for money and an engaging, intuitive, seamless and continuous customer service experience throughout their journey from booking to completion of their holiday. There is a growing trend in ethical and sustainability concerns being a factor in consumer choices.

We strive to maintain strong relationships with our customers before, during and after their travels. In support of this strategy, we continue to work alongside our suppliers to develop new product offerings that reflect feedback received from our customers. Customer satisfaction questionnaire scores are a key performance indicator used by the board.

Taking our customers on incredible holidays is what we do best. In the very early days of the COVID-19 pandemic we know we didn't get our refund process quite right as we struggled to get the right systems in place to support our customers when we couldn't take them on holiday, especially given the speed and volume of change we were faced with. We very quickly developed a new system to help customers with cash refund requests and updated our amendment policies. Our customers can now amend their holidays online, in our call centres or in our shops taking advantage of a generous booking incentive, hold onto their refund credit note until they are ready to rebook at a later date or if they prefer a cash refund, we will refund them within 14 days of the customers' request.

Section 172 statement (continued)

- **Suppliers.** Our supply chain covers thousands of suppliers in more than 90 countries, including manufacturers of aircraft and cruise ships, laundry and other services provided to our hotels, tourist guides and other services our customers use in destination. Our biggest supplier category is our hotel partners, accounting for over half of our direct operating costs. We aim to extend our commitment to integrity to our business relationships and into our supply chain. We believe that a shared commitment to conducting business with integrity ensures sustainable, long-lasting relationships where all parties benefit. We ask our business partners and suppliers to support the principles set out in our TUI Supplier Code of Conduct and to promote them throughout their own supply chain
- **Community and environment.** Economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company and beyond. We recognise that sustainable development is critical for long term economic success and we aspire to pioneer sustainable tourism across our sector.

The sustainability actions and objectives adopted in 2015 addressed the environmental and social challenges facing the tourism sector which have been the subject of public debate in recent times.

TUI Group is working on the evolution of the Group's sustainability strategy up to the financial year 2030, reflecting current challenges and taking into account scenarios and mechanisms on a global scale, i.e. the EU Green Deal. The strategy will be published in 2021.

Further information can be found on pages 75 - 81 of the TUI AG Annual Report 2020 which can be found on the TUI AG website www.tuigroup.com/en-en

- **Business conduct.** The Integrity Passport, our TUI Code of Conduct applies to everyone at TUI. It sets out our general ways of working. It gives guidance on how to deal with the most important integrity and legal topics in our daily work – with our colleagues, our customers, our business partners and other third parties.

As a regulated travel business, the Company's general counsel works closely with travel lawyers to ensure the board is aware of the relevant licencing requirements and good business practice. The board is committed to ensuring good business practice throughout the business and drives this both through the risk management process described above, by carrying out regular functional reviews, and by commissioning external experts to review compliance with new rules and regulations.

The key travel regulators in respect of the travel industry are:

- the Civil Aviation Authority (CAA) which is responsible for the regulation of aviation safety in the UK, determining policy for the use of airspace, the economic regulation of Heathrow, Gatwick and Stansted airports, the licensing and financial fitness of airlines and the management of the ATOL financial protection scheme for holidaymakers
- ABTA, the UK's largest travel association, which represents travel agents and tour operators. ABTA protection is designed to enforce standards and provide insurance for holidaymakers in the event of financial problems for travel companies.
- the Commission for Aviation Regulation (CAR) which regulates certain aspects of the aviation and travel trade sectors in Ireland
- the Competition and Markets Authority who work to promote competition for the benefit of consumers, both within and outside the United Kingdom and protect consumers from unfair trading practices.

Regular management information is made available to the travel regulators as well as key lenders to the group.

Further information on integrity and compliance can be found on pages 114 - 117 of the TUI AG Annual Report 2020 which can be found on the TUI AG website www.tuigroup.com/en-en

Section 172 statement (continued)

- **Shareholders.** The Company is a fully owned subsidiary and forms part of TUI Group. Information and details on transparency can be found within the Corporate Governance Report of TUI Group on pages 106-117 of the TUI AG Annual Report 2020 which can be found on the TUI AG website www.tuigroup.com/en-en

Streamlined Energy and Carbon Reporting

Across the Group, dedicated and experienced sustainability professionals work in close collaboration with senior management at Group and at divisional level to help ensure that TUI's business and sustainability strategies are aligned. As part of TUI's sustainability management approach, the corporate headquarters has been successfully audited against the ISO 14001:2015 environmental standard. TUI AG is represented on the sustainability indices FTSE4Good and Ethibel Sustainability Index (ESI). TUI was also recognised in the leadership band by CDP, in the 2019 Climate Change assessment.

Respecting the environment in our products, services and processes is an essential feature of our quality standards. We place priority on improving carbon and resource efficiency, with a focus on waste and water consumption. Conserving natural resources and mitigating negative environmental impacts are both in the interests of our business as well as the future success of travel and tourism.

Actions in our 'Step lightly' strategy pillar aim to reduce the environmental intensity of our operations and set clear stretch targets for improvement across aviation, cruise, hotels, offices, retail shops and ground transport. The Group has implemented specific carbon reduction initiatives across the business – from airline and cruise efficiency programmes, to retail energy savings and the reduction of printed brochures.

Further information on sustainability strategy and implementation can be found on pages 75 - 81 of the TUI AG Annual Report 2020.

As a Group intermediate holding company within the TUI AG group of companies, the Company consumed less than 40MWh energy in the UK during the financial year, consequently considered to be a low energy user and therefore not required to make detailed disclosures of energy and carbon information.

Approved by the Board and signed on its behalf by



G P Weaver
Director

Company Number 04998708

Dated 15 June 2021

Directors and their interests

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
T Lindner
T G Pietzka
S K Arnold (Appointed 30 September 2020)
G P Weaver (Appointed 30 September 2020)

K M Clear (Company secretary)

Others Directors who served in the financial year were:

A K Jarvis (Resigned 30 September 2020)

Independent auditors

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

Directors' insurance

Throughout the financial year until the date of approval of these financial statements the ultimate parent company, TUI AG, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third-party indemnity provision.

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's 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. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Review of the business

A fair review of the business including an analysis of the performance and financial position of the Company, together with details of dividends, financial risk exposure and management, going concern, future developments and post balance sheet events are included within the Strategic Report.

Post balance sheet events

Details of post balance sheet events can be found in Note 20.

Employee engagement and business relationships

During the financial year the Directors of the Company, both individually and together, acted in a way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, based on information available to them at the time. Full Section 172 disclosures covering employee engagement and business relationships can be found in the Strategic Report.

Streamlined Energy and Carbon Reporting

Environmental sustainability is a fundamental management principle and a cornerstone of TUI Group's strategy. Disclosures covering emissions and energy consumption are therefore included in the Strategic Report.

Approved by the Board and signed on its behalf by



G P Weaver
Director

Directors' responsibilities statement

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

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

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

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

The Directors are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006;
- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of 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 2020 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 21.

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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that as a result of the adverse impacts of COVID-19 on both TUI Travel Overseas Holdings Limited directly and the wider travel, hospitality and leisure industry, there is uncertainty in relation to forecasting the nature and extent of travel restrictions for both the UK and the destinations the Group flies to, when travel restrictions will be fully lifted and the length of time it will take to achieve a full recovery, uncertainty in relation to the ability of the Group to secure additional funding which may be required in certain scenarios and uncertainty over the ability of the Group to obtain a waiver for any forecast potential breach of banking covenants. As stated in Note 2, these events or conditions, along with the other matters as set forth in Note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as 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 respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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

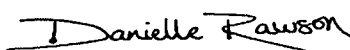
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Danielle Rawson ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
1 New Street Square, London, United Kingdom
Date: 15 June 2021

TUI Travel Overseas Holdings Limited
Statement of Comprehensive Income for the financial year ended 30 September 2020

		Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
	Note		
Administrative (expenses)/income		(3,932)	111
Operating (loss)/profit		(3,932)	111
Amounts written off investments	9	(8,902)	(1,005)
Loss before interest and taxation		(12,834)	(894)
Finance income	7	95	150
Finance expense	8	(1)	-
Loss before taxation	9	(12,740)	(744)
Tax expense	10	(25)	(532)
Loss for the financial year attributable to owners of the Company		(12,765)	(1,276)
Total Comprehensive Loss for the financial year, net of tax, attributable to owners of the Company		(12,765)	(1,276)

The notes on pages 21 to 37 form part of these financial statements.

TUI Travel Overseas Holdings Limited
Statement of Financial Position as at 30 September 2020

		As at 30 September 2020	As at 30 September 2019
	Note	£'000	£'000
Non-current assets			
Investments in subsidiaries	11	127,921	119,154
Investments in joint ventures	12	12,440	12,440
Investments in associates	13	3,754	3,754
		144,115	135,348
Current assets			
Trade and other receivables	14	32,469	2,406
Cash and cash equivalents		-	14,261
		32,469	16,667
Total assets		176,584	152,015
Current liabilities			
Interest bearing loans and borrowings	15	(473)	-
Trade and other payables	16	(83)	(58)
		(556)	(58)
Total liabilities		(556)	(58)
Net current assets		31,913	16,609
Total assets less current liabilities		176,028	151,957
Net assets		176,028	151,957
Equity			
Called up share capital	17	262,796	245,960
Ordinary share capital in process	18	20,000	-
Retained losses	18	(106,768)	(94,003)
Total equity attributable to owners of the Company		176,028	151,957

The notes on pages 21 to 37 form part of these financial statements.

The financial statements on pages 18 to 37 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



G P Weaver
Director

Company Number 04998708

Date: 15 June 2021

TUI Travel Overseas Holdings Limited
Statement of Changes in Equity for the financial year ended 30 September 2020

	Note	Called up share capital £'000	Ordinary share capital in process £'000	Retained losses £'000	Total equity £'000
At 1 October 2018		195,743	-	(92,727)	103,016
Total Comprehensive Loss for the financial year		-	-	(1,276)	(1,276)
Issue of share capital		50,217	-	-	50,217
At 30 September 2019		245,960	-	(94,003)	151,957
Total Comprehensive Loss for the financial year		-	-	(12,765)	(12,765)
Issue of share capital	17	16,836	-	-	16,836
Capital in process	18	-	20,000	-	20,000
At 30 September 2020		262,796	20,000	(106,768)	176,028

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. See Note 21 for details on where the Company is included in consolidated financial statements.

These 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 IFRS. Further details can be found in Note 4.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the review of the business section of the Strategic Report on pages 3 to 13.

As at the date of approval of these financial statements, the impact of COVID-19 on the Company's trading continues to be assessed and is subject to rapidly changing external factors, including evolving Government responses to controlling the spread of the virus, the speed at which the vaccination program is being rolled out in the various countries and ongoing changes in customer sentiment towards future leisure travel.

Due to the measures taken by Governments worldwide to get the COVID-19 outbreak under control and in particular, the UK & Irish Government's advice against all but essential travel, the touristic industry came to a standstill from the second half of March 2020. For TUI, this has resulted in the repatriation of customers who were on holiday at the time and the full cancellation of the planned holiday programme until mid-July 2020. In mid-July, certain companies in the Group were able to recommence operations, but at a very reduced level. These operations continued into late Autumn, using open travel corridors, until the second wave of COVID-19 struck. The curtailment of the 2020 programme has resulted in a sharp drop in turnover and whilst there has been a corresponding reduction in variable costs, the Company continues to have to fund its fixed cost base, although where possible, management actions have been taken to mitigate the timing and extent of amounts to be paid. As a result of the cancellation of the programme, customers are due refunds, which have been offered either in the form of a refund credit note (ATOL protected in the UK and CAR protected in Ireland) or in cash.

As a member of the TUI Group of companies, this Company's liquidity position is inextricably linked to the liquidity position of other companies within the TUI Group, due to the nature of cash pooling arrangements that exist across the Group. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

In order to preserve liquidity during the crisis period, the Company, together with other companies within the TUI Group have taken the following measures:

- TUI AG received the approval of the German Government for a bridging loan of EUR 1.8 billion from the KfW, a German state-owned bank. The funds are to be used to increase TUI's existing credit line with its banks amounting to EUR 1.75 billion ("Revolving Credit Facility"). One of the conditions of the KfW bridge loan is that TUI waives dividend payments for the duration of the bridge loan.

2. Basis of preparation (continued)

Going concern (continued)

- TUI AG secured an additional bridging loan of EUR1.05 billion from KfW, which technically is an increase of the existing 1.8bn tranche of the facility.
- A Bond with warrants for EUR 150 million was issued to the German Economic Stabilisation Fund (WSF). The bond bears interest at a rate of 9.5%. TUI AG has a right to terminate the bond as soon as the KfW loan has been repaid. The warrants will not be executed by the Government but can be sold in the market.
- TUI agreed a financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF), which included an EUR 509 million share issue.
- A significant element of the Group's cost base relates to wages and salaries. Where possible, and subject to local regulations, staffing levels and hours worked have been reduced. Government support has been taken to offset staffing costs that continue to be incurred.
- Capital expenditure has been rephased or delayed
- Actions have been taken to defer or reduce payments of fixed costs and unpaid variable costs from the pre-crisis period, including agreements with Government fiscal authorities on certain tax payments
- Invoked force majeure in relation to the guaranteed capacity within certain hotel accommodation contracts in relation to Summer 2020 and Winter 2020/21.
- Launched the Global Realignment Programme aimed at delivering annual savings of more than EUR 300 million by financial year 2023
- In August 2020, the Group received EUR 0.6 billion in respect of the sale of Hapag Lloyd cruises, whose sale was agreed prior to the pandemic. These funds were included in the Groups current liquidity plans.
- In April 2021, TUI AG successfully completed an offering of senior unsecured bonds convertible due in 2028 with an aggregate principal amount of € 400 million. The Bonds have a denomination of 100,000 Euro per Bond and a coupon of 5.00% per annum, payable semi-annually in arrears. The issue was c. 2-times oversubscribed. With the successful offering TUI plans to start the refinancing of loans from the COVID-19 stabilisation packages. Unless previously converted, redeemed or repurchased and cancelled, the convertible bonds will be redeemed at their principal amount on 16 April 2028. Investors also have the possibility to convert the bonds into new and/or existing no-par value ordinary registered shares of TUI. The initial conversion price was set at 5.3631 Euro, representing a conversion premium of 25% above the reference share price of 4.2905 Euro.

The Group has made a well-founded assessment of the main risks to the Group, taking into account future events that would jeopardise the business model, future results, solvency and liquidity for at least 12 months from the date of approval of these financial statements. A sensitivity analysis has been used to determine the potential impact of the main risks. The scenario used for the going concern assumption assumes that various Group divisions can successively resume their programmes during the course of the calendar year 2021. Whilst business activity is expected to be severely restricted in the first and second quarters, travel activity is expected to pick up in Summer 2021 without reaching the pre-crisis level of financial year 2019. In particular, it is difficult to predict when travel activity will resume in financial year 2021.

With regard to this forecast and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, however given that the COVID-19 situation continues to evolve, there exists a material uncertainty related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern such that it may be unable to realise its assets and discharged its liabilities in the normal course of business.

2. Basis of preparation (continued)

Going concern (continued)

The events or conditions are as follows:

- The TUI Group is currently still affected by the negative impact of the COVID-19-pandemic. At the point in time of the signing of these financial statements, whilst it is not exactly foreseeable when travel restrictions will be fully lifted there has been significant progress in the UK in vaccinating against Corona virus and on 17th May 2021 a limited beach holiday programme recommenced operations and this is expected to increase in line with the 3 weekly Government updates. Over time, TUI fully expects restrictions to be reduced and alongside the measures taken by the Group around re-financing and capital increases to further improve its working capital and liquidity position. The latest financing packages strengthen TUI's position and provides it with liquidity reserves in this volatile market environment. A risk in respect of solvency still exists as travel restrictions could remain in force in the financial year 2020/21 and beyond and / or a permanent reluctance to travel materialises.
- The Groups compliance with the financial covenants in respect of the external bank Revolving Credit Facility are unlikely to be met as at 30th September 2021. TUI's solvency is therefore at risk if a further suspension of compliance with the covenants for the test period ending on 30th September 2021 and beyond is not achieved. In addition, the KfW loans (both tranches) and the initial Revolving Credit Facility in the total amount of EUR 4.6 billion must be refinanced in the financial year 2022. Due to the uncertainty regarding future business development, there is a risk it may not be possible to "amend and extend" the facility ideally keeping all the current lenders and that further Government support measures may be necessary.
- The Group has a contractual commitment to take delivery of a number of new aircraft from Boeing. For FY21 deliveries the Group has financing in place for all of them. The financing process for all but one of the FY22 deliveries from Boeing, commenced in April 2021. With financing already in place for the other one delivery in FY22. The Group typically requests offers from a number of finance providers in a competitive process and then agrees financing before delivery. This process is at an early stage, but management has every confidence that financing deals for these aircraft deliveries will be concluded in the necessary time frame, and that the financing market remains open to the Group. Nevertheless, there remains uncertainty as that financing has not yet been contractually agreed.
- The demand for package holidays remains strong and we have seen a significant number of our customers amend existing bookings to a future travel date or to have redeemed a refund credit note on a new holiday. Therefore, the fundamentals of the Company's business model outside of a pandemic remain strong once operations are able to resume.
- The pandemic has impacted almost a million holidays, with operations completely suspended in the period from 17th March to 11th July and again from early January to 17th May 2021. In between these periods, travel has only been possible to a number of specific destinations depending on both the outbound and inbound travel restrictions in place at the time of travel. In total, c570,000 customer bookings with a tour operator booking revenue of c1.36bn have had their holidays impacted, either through curtailment or cancellation. Around 18% of impacted bookings have amended to a future travel date or redeemed a refund credit note on a new holiday. Around 43,000 refund credit notes remain unredeemed as at 19th May 2021 with a financial value (excluding rebooking incentive) of £47million.
- Ongoing social distancing measures and quarantines requirements for returning travellers are likely to have a significant impact on the format of the package holiday in the near term, therefore it is unlikely volumes could achieve the pre-crisis levels for a period of time. Whilst demand is likely to be strong, the Directors estimate that the capacity to deliver package holidays will take time to return to pre-crisis levels.

The Group and the Directors have already taken a number of measures as described above to manage the liquidity position. In the light of these material uncertainties and in the case where further Group funding was not forthcoming, the Group has a range of further measures which are within their control, to protect the company's liquidity position even further, including:

- Further incentivise customers to amend to alternate travel dates or take a refund credit note instead of a cash refund
- Additional changes to working arrangements to reduce staff costs further
- Sale of assets, including cruise ships
- Alternative options in relation to aircraft financing
- Applications for further Government support

2. Basis of preparation (continued)

Going concern (continued)

In March 2021, TUI AG, agreed to provide financial support to the Company in order that it can continue to meet its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors' acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have a reasonable expectation that it will.

Given the ongoing impact of the crisis on operations, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

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, except where stated otherwise.

3. Summary of significant accounting policies

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

Amendments to IFRSs

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

Standard	Amendment	Impact on Financial Statements
IFRIC 23 Uncertainty over Income Tax Treatments	The interpretation complements the rules of IAS 12 on the accounting for actual and deferred taxes to clarify the accounting for uncertainties over income tax treatments and transactions by taxation authorities or fiscal courts.	Not material
Improvements to IFRS (2015-2017)	The various amendments from the annual improvement project 2015-2017 cycle affect minor changes to IFRS 3, IFRS 11, IAS 12 and IAS 23.	Not material
IAS 28 Long-term Interests in Associates and Joint Ventures	The amendments clarify that the impairment rules of IFRS 9 apply to long-term interests in associates and joint ventures that, in substance, form part of the net investment in the associate or joint venture to which the equity method is applied. Nevertheless, (as a second step) these long-term interests will have to be taken into account when the IAS 28 loss allocations are adjusted to the value of the long-term interests.	Not material

Operating (loss)/profit

Operating (loss)/profit is stated before investment income and finance activities.

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 with the exception of gains and losses to be recognised in equity as qualifying cash flow hedges.

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.

3. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

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.

Finance income

Interest receivable recognised in the Statement of Comprehensive Income mainly comprises interest receivable on bank accounts and interest receivable on loans due from Group direct and indirect subsidiaries.

Finance expenses

Interest payable recognised in the Statement of Comprehensive Income mainly comprises interest expense on loans due to Group direct and indirect subsidiaries, interest on bank loans and overdrafts.

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.

Investments

Investments are recognised at cost less accumulated impairment losses.

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 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.

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities

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

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

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

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

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

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

Financial liabilities are recognised in the Statement of Financial Position if an obligation exists to transfer cash and cash equivalents of other financial assets to another party. Initial recognition of a liability is expected at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid. The subsequent measurement of financial liabilities is affected at amortised cost using the effective interest method. The classification of financial liabilities in accordance with IFRS9 did not result in any changes in the measurement categories.

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. Bank overdrafts are shown in current liabilities within the Statement of Financial Position.

Share capital

Ordinary shares are classified as equity.

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 income is also recognised by the Company when subsidiaries or other Group entities undertake obligations on behalf of the Company for which the Company pays no direct financial costs.

3. Summary of significant accounting policies (continued)

Dividends (continued)

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. Obligations incurred by the Company on behalf of its parent company or other Group entities for which the Company receives no direct financial benefit are also treated as dividend distributions.

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 21. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

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

5. Critical accounting judgements, estimates and assumptions

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

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

5. Critical accounting judgements, estimates and assumptions (continued)

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:

Critical accounting judgements

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

Critical accounting estimates

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

a) Investment in subsidiary undertakings, joint ventures and associates

Judgement is required in the assessment of the carrying amount of the investments in the Company's subsidiary undertakings, joint ventures and associates. Estimation of the recoverable amount of investments requires the Company to either:

- assess future cash flows projected to be generated by the subsidiaries, joint ventures and associates, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the company's products, or
- assess the net assets of the company's, if the Directors believe the recoverable amount of the investments is a close approximation of the net assets of the company's, in accordance with the requirements of IAS 36.

The Directors have used both the net assets and future cash flows approaches to assess the Company's recoverable amount of investments in subsidiaries, joint ventures and associates. In view of the existing uncertainties regarding estimation of the recoverable amounts, an extended analysis of sensitivities was undertaken. A change of 10% in the value of net assets/future cash flows of the subsidiaries, joint ventures and associates would have caused the impairment to increase by £3,327k or decrease by £nil. Details of investments in subsidiaries, joint ventures and associates, including impairment charges and carrying values, are provided in Notes 11, 12 and 13.

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

Judgement is required in the assessment of the carrying amount of financial assets held at amortised cost.

Estimation of the expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information.

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

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

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

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

5. Critical accounting judgements, estimates and assumptions (continued)

Critical accounting estimates (continued)

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

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

For those balances where the simplified approach was undertaken, a change in ECL rate of:

- +10% would have caused the loss allowance to increase by £nil; and
- -10% would have caused the loss allowance to decrease by £nil

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

- future discounted cashflows ("DCF") derived from medium-term corporate planning as at 30 September 2020 were reviewed where available to determine the expected credit loss.
- scenarios were derived which reflected the different expected outcomes in respect of settlement.

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

6. Employees and Directors

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

Directors' remuneration

The Directors received no remuneration for their services as Directors of the Company (2019: £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 (2019: £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. Finance income

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Interest from Group undertakings	56	1
Foreign exchange gain	-	61
Bank interest income	39	88
	<u>95</u>	<u>150</u>

8. Finance expense

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Bank interest expense	1	-
	<u>1</u>	<u>-</u>

9. Loss before taxation

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Loss before taxation is stated after charging/(crediting):		
Impairment of investments in subsidiary undertakings (Note 11)	8,902	1,005
Impairment/(reversal of impairment) of financial assets - expected credit loss (Note 14)	3,970	(112)
Foreign exchange gains on financial items	(39)	(61)

Impairment of financial assets - expected credit loss

On 10 February 2020 a loan of £2,544k was made to Magic Life Egypt for Hotels LLC. The loan, and interest of £45k, was subsequently fully impaired and charged to the Statement of Comprehensive Income in the financial year ended 30 September 2020.

On 14 July 2020 a loan of £1,371k was made to Magic Hotels SA (Tunisia). The loan, and interest of £10k, was subsequently fully impaired and charged to the Statement of Comprehensive Income in the financial year ended 30 September 2020.

Auditors' remuneration

In 2020 and 2019, the auditor's remuneration was borne and paid by TUI UK Limited, and not recharged out separately, thus £nil in both years.

10. Tax expense

The tax expense can be summarised as follows:

(i) Analysis of tax expense in the year

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Current tax:		
- Amounts payable to fellow subsidiaries for group relief	25	28
- Adjustment in respect of prior periods	-	504
Total current tax	25	532
Total tax expense in the Statement of Comprehensive Income	25	532

10. Tax expense (continued)

(ii) Factors affecting the tax expense in the year

The tax expense (2019: expense) for the year ended 30 September 2020 is different to (2019: different to) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are shown in the table below:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Loss before taxation	(12,740)	(744)
Loss multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	(2,421)	(141)
Effects of:		
- Expenses not deductible for tax purposes	2,446	191
- Income not taxable	-	(22)
- Adjustment in respect of prior periods	-	504
Total tax expense in the Statement of Comprehensive Income	25	532

(iii) Factors affecting the future tax expense

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

At the Statement of Financial Position date, Finance Act 2020 had been substantively enacted confirming that the main UK corporation tax rate would remain at 19% from 1 April 2020. Therefore, at 30 September 2020, deferred tax assets and liabilities have been calculated based on a rate of 19%. On 3 March 2021 the UK Government announced its intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. This will impact the value of the UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2020 or 30 September 2019.

11. Investments in subsidiaries

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2019	285,090
Additions	17,669
Disposals	-
At 30 September 2020	302,759
Impairment:	
At 1 October 2019	165,936
Charged during the year	8,902
Disposals	-
At 30 September 2020	174,838
Net book value:	
At 30 September 2020	127,921
At 30 September 2019	119,154

11. Investments in subsidiaries (continued)

Additions:

Additions in investments comprise the following transactions which occurred during the year ended 30 September 2020:

Investment	Date of addition	Shares acquired (number)	Par value of share	Total consideration £'000
TT Hotels Italia Srl	23 July 2020	0	€1.00	816
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	6 February 2020	129,301,217	TRL 1.00	16,853
				17,669

The investment in TT Hotels Italia Srl was necessary to comply with Italian Commercial Code whereby entities are not allowed to have a negative equity balance. Consequently, the investment was a non-capital contribution with no shares issued.

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 Statement of Comprehensive Income in the financial year to leave values of the subsidiaries equating to, and supported by, the proportion of the underlying assets attributable to the Company's shareholding:

Subsidiary	Impairment charge £'000
Magic Hotels SA	8,059
TT Hotels Italia Srl	816
TUI Travel Distribution N.V.	27
	8,902

The Directors have considered the requirements of IAS 36, and believe the recoverable amount of the investments to be the fair value less costs to sell. The subsidiaries future cash flows or nets assets were reviewed to determine the value of the investments. As a result of this assessment, a total net impairment of £8,902k (2019: £1,005k) was recognised during the financial year.

List of investments in subsidiaries at 30 September 2020:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control 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
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 Sheikh, South Sinai Governorate, Egypt	EGP100.00 Ordinary shares	99.94	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

11. Investments in subsidiaries (continued)

List of investments in subsidiaries at 30 September 2020 (continued):

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
TT Hotels Turkey Otel 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 Lengerie Solaire, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	2	51
Tunisie Voyages S.A.	Tunisia	Rue de Lengerie Solaire, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	0.01	51
TUI Travel Distribution N.V.	Belgium	Gistelsesteenweg 1, B-8400 Oostende.	€ Ordinary shares	51	100

12. Investments in joint ventures

Investments in joint ventures £'000

Cost:

At 1 October 2019 and at 30 September 2020

12,440

Impairment:

At 1 October 2019

-

Reversal of impairment

-

At 30 September 2020

-

Net book value:

At 30 September 2020

12,440

At 30 September 2019

12,440

List of investments in joint ventures at 30 September 2020:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
Bartu Turizm Yatirimlari Anonim Sirketi	Turkey	Ebulula Cad.Mayameridien, 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 have considered the requirements of IAS 36, and believe the recoverable amount of the investments to be the fair value less costs to sell. The joint ventures future cash flows were reviewed to determine the value of the investment. As a result of this assessment, a total net impairment of £nil (2019: £nil) was recognised during the financial year.

13. Investments in associates

	Investments in associates £'000
Cost:	
At 1 October 2019 and at 30 September 2020	<u>3,754</u>
Impairment:	
At 1 October 2019	-
Reversal of impairment	-
At 30 September 2020	<u>-</u>
Net book value:	
At 30 September 2020	<u>3,754</u>
At 30 September 2019	<u>3,754</u>

List of investments in associated undertakings at 30 September 2020:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
Hoteli Zivogosce d.d	Croatia	Zivogosce (Opcina 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
Hoteli 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 have considered the requirements of IAS 36, and believe the recoverable amount of the investments to be the fair value less costs to sell. The associates future cash flows were reviewed to determine the value of the investment. As a result of this assessment, a total net impairment of £nil (2019: £nil) was recognised during the financial year.

14. Trade and other receivables

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Amounts due from ultimate parent	2,467	2,406
Amounts due from other Group undertakings	<u>30,002</u>	<u>-</u>
	<u>32,469</u>	<u>2,406</u>

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, interest-free and are repayable on demand. The total amounts due from Group undertakings amount to £32,469k (2019: £2,406k). Expected credit losses of £3,970k (2019: (£112k) reversal of impairment) were provided for in the year. FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

15. Interest bearing loans and borrowings

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Bank overdraft	473	-
	<u>473</u>	<u>-</u>

16. Trade and other payables

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Amounts due to fellow subsidiaries	30	30
Income tax – group relief payable	53	28
	<u>83</u>	<u>58</u>

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, interest-free and are repayable on demand. The total amounts due from Group undertakings amount to £83k (2019: £58k). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

In prior year financial statements, the group relief payable was presented as a separate item in the Statement of Financial Position rather than recorded within trade and other payables.

17. Called up share capital

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Authorised		
282,795,687 (2019: 245,959,947) ordinary share of £1.00 each	<u>282,796</u>	<u>245,960</u>
Issued and fully paid		
262,795,687 (2019: 245,959,947) ordinary share of £1.00 each	<u>262,796</u>	<u>245,960</u>

On 6 February 2020, the Company issued 16,835,740 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00 for total cash consideration of £16,835,740.

18. 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.
Capital in process	On 21 September 2020, the Group Executive Committee of the TUI Group ("GEC") agreed the issue of 20,000,000 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00, for total cash consideration of £20,000,000 as part of the Group's recapitalisation transactions. The transaction was deemed to have occurred on 30 September 2020 due to the movement of cash and the agreed intention of this transaction which is effectively not reversible after GEC approval. The legal completion of the transfer took place in the financial year ended 30 September 2021 hence recorded as at Statement of Financial Position Date as Capital in Process.

19. Contingent liabilities

On 9 January 2013, the Company committed to guarantee the hotel lease obligations of Magic Life Tunisie SA for the Houada Dhkila Hotel, whose lease expires on 31 October 2020. The value of the indemnity provided by the Company as at 30 September 2020 was €78k and at the date of signing these financial statements, amounted to €nil.

All other guarantees, that the Company has given in respect of the indebtedness of other Group companies have expired.

20. Post balance sheet events

Subsequent to the year end the following post balance sheet events have occurred:

As described in Note 2, the worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Company's business, beginning in March 2020. In line with the UK and Irish Government advice against all but essential foreign travel, the UK & I business took steps to suspend its touristic travel programme beginning in mid-March 2020. Customers who were already overseas around this time experienced disruption to their holidays as a result of various containment strategies put in place by overseas authorities, including some holidays which returned earlier than planned.

Following the first wave of the pandemic, and the subsequent easing of travel restrictions, the UK & I business was able to operate a limited travel programme beginning in July 2020, focussed initially on The Balearic Islands and thereafter including Turkey and the Greek Islands during the months of August and September. However due to different and changing travel restrictions in both source market and destinations arising from increasing COVID-19 infection figures, various travel restrictions continued to be in place from July and various restrictions that had previously been eased were reintroduced.

Travel restrictions were put back in place in September and the Irish holiday programme, including Crystal Ski, were suspended. As at the current time, all TUI, First Choice and Crystal holidays departing from Ireland are cancelled until the 30 June 2021 and will be reviewed as Government guidance is updated.

The UK programme was subject to significant and short notice changes in August, September and October and only a small number of holidays travelled in November prior to the second national lockdown. Since the end of the second national lockdown, the UK business operated a small programme focussed on the Canary Islands, Madeira and certain long-haul destinations until the start of the third national lockdown at the beginning of January 2021. Since that date, the holiday programme (including Crystal Ski) was suspended until the 16 May 2021. A limited programme has been reintroduced from 17 May 2021 and will be reviewed in line with Government travel updates.

In December 2020, TUI AG has agreed a further financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF), which included an EUR 509m share issue.

In January 2021 the Company acquired 36,714,200 (33.3%) HRK 1.00 ordinary shares in Karisma Hotels Adriatic d.o.o. ("KHA") from Fortenova d.d. ("FNG") and 36,714,200 (33.3%) HRK 1.00 ordinary shares from Karisma Resorts International S.A ("KRI"). The Company also sold its 50% investment in Karisma Hotels Caribbean S.A to Karisma Resorts International S.A ("KRI") for €17.3m.

Payments to FNG are occurring in instalments as follows:

- €1.5m was paid in January 2021 converted at the HRK exchange rate at the time of the transaction.
- €3.4m is due to be paid in August 2021 converted at the HRK exchange rate at the time of the transaction.

The €4.9m payable to KRI in respect of the purchase has been offset against the sales proceeds of Karisma Hotels Caribbean S.A as was €2.9m (consideration for the assumption of Shareholder loans and other amounts receivable by KRI from KHA). The remaining €9.5m due from KRI is receivable in instalments

- €1.5m was received in March 2021
- €8.0m is due in three instalments, the last one due in 2023.

On 15 January 2021, HRK 26,355,157 loan was issued to Karisma Hotels Adriatic d.o.o. ("KHA"). The loan will mature on 31 December 2022 and interest is charged at 3.00% per annum.

20. Post balance sheet events (continued)

On 22 January 2021 a fully impaired EUR-denominated intercompany loan with Magic Hotels SA of €15,709,267 was capitalised by the issue 4,362,480 ordinary shares of TND 11.875 each, to the Company.

In April 2021, TUI AG successfully completed an offering of senior unsecured bonds convertible due in 2028 with an aggregate principal amount of € 400 million.

On 14 April 2021, the Company issued 3,462,173 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00, for total cash consideration of £3,462k in order to fund the Company's loan of £3,462k to its subsidiary investment in Magic Life Egypt for Hotels LLC.

At the date of signing these financial statements, the allotment of 20,000,000 ordinary shares of £1.00 each is still to be formally completed (Note 18).

21. 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.