Explorers Travel Club Limited
Annual Report and financial statements
for the financial year ended 30 September 2020
Company number 1473225

Contents

Directors	S L Barter I P Chapman
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	1473225

The Directors present their Report on Explorers Travel Club Limited (the "Company") for the financial year ended 30 September 2020.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

Principal activity
The Company'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.

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

S L Barter
I P Chapman

Funding, liquidity and going concern
The Company's profit before taxation for the financial year ended 30 September 2020 was £22,201 (2019: loss of £30,865). 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 £1,866,087 (2019: £1,848,766).

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 within the TUI UK & Ireland tour operator businesses. Consequently, the majority of the Company's net cash outflow during the financial year relates to intercompany movements.

Post balance sheet events
Details of post balance sheet events can be found in Note 16.

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

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

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by

Sharon Barter

S Barter
Director

Company Number 1473225 Dated: 11 June 2021

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

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

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

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

The Directors are responsible for:

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Explorers Travel Club 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 profit 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;
- the related Notes 1 to 17.

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

Basis for opinion

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

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

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 Explorers Travel Club 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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

Danielle Rawson

Danielle Rawson ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
1 New Street Square, London, United Kingdom
Date: 11 June 2021

Explorers Travel Club Limited
Statement of Comprehensive Income for the financial year ended 30 September 2020

	Note	**Financial year ended 30 September 2020 £**	Financial year ended 30 September 2019 £
Administrative income/(expense)		**15,735**	(45,734)
Operating profit/(loss)		**15,735**	(45,734)
Finance income	7	**6,466**	14,869
Profit/(loss) before taxation	8	**22,201**	(30,865)
Tax expense	9	**(4,880)**	(4,586)
Profit/(loss) for the financial year attributable to owners of the Company		**17,321**	(35,451)
Total Comprehensive Income/(Loss) for the financial year, net of tax, attributable to owners of the Company		**17,321**	(35,451)

Explorers Travel Club Limited
Statement of Financial Position as at 30 September 2020

	Note	As at 30 September 2020 £	As at 30 September 2019 £
Current assets			
Trade and other receivables	11	**2,011,941**	650
Cash and cash equivalents		**101,250**	2,499,207
		2,113,191	2,499,857
Total assets		**2,113,191**	2,499,857
Current liabilities			
Trade and other payables	12	**(247,104)**	(651,091)
Total liabilities		**(247,104)**	(651,091)
Net current assets		**1,866,087**	1,848,766
Total assets less current liabilities		**1,866,087**	1,848,766
Net assets		**1,866,087**	1,848,766
Equity			
Called up share capital	13	**50,000**	50,000
Retained earnings	14	**1,816,087**	1,798,766
Total equity attributable to owners of the Company		**1,866,087**	1,848,766

The notes on pages 11 to 23 form part of these financial statements.

The financial statements on pages 8 to 23 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Sharon Barter

S Barter
Director
Company Number 1473225 Date: 11 June 2021

Explorers Travel Club Limited
Statement of Changes in Equity for the financial year ended 30 September 2020

	Called up share capital £	Retained earnings £	Total equity £
At 1 October 2018	50,000	1,834,217	1,884,217
Total Comprehensive Loss for the financial year	-	(35,451)	(35,451)
At 30 September 2019	**50,000**	**1,798,766**	**1,848,766**
Total Comprehensive Income for the financial year	-	17,321	17,321
At 30 September 2020	**50,000**	**1,816,087**	**1,866,087**

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered and domiciled in England & Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 1473225.

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 17 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 Directors' Report on pages 3 to 4.

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.

2. Basis of preparation (continued)

Going concern (continued)

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.
- 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 over-subscribed. 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 is 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

2. Basis of preparation (continued)

Going concern (continued)

- Alternative options in relation to aircraft financing
- Applications for further Government support

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 pound, unless stated otherwise.

3. Summary of significant accounting policies

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

Amendments to IFRSs

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 profit/(loss)

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

3. Summary of significant accounting policies (continued)

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.
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 and finance expense
Finance income and expenses recognised in the Statement of Comprehensive Income mainly comprises bank interest and interest on intercompany funding.

Investments in subsidiaries
Investments are recognised at cost less accumulated impairment losses.

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

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/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.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of TUI AG, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of TUI AG. Details for obtaining the Group financial statements of TUI AG can be found in Note 17. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
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 judgments, estimates and assumptions

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

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

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

Critical accounting judgements

The following are the 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.

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

Critical accounting judgements (continued)

(i) Investments in subsidiary undertakings

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

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

The Directors have used the net assets to assess approach in respect of the Company's investments in subsidiaries. Details of investments in subsidiaries, including impairment charges and carrying values, are provided in Note 10.

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 disclosed below

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

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

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

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

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

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

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

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 details of Directors' remuneration are as follows:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Directors' remuneration	**5**	6
Pension contributions	**1**	1
	6	7

The remuneration of two (2019: two) of the Directors of the Company was paid by other Group companies, which make no direct recharge to the Company.

7. Finance income

	Financial year ended 30 September 2020 £	Financial year ended 30 September 2019 £
Bank interest income	**6,355**	14,672
Other interest	**-**	97
Interest income on loans to Group companies	**111**	100
	6,466	14,869

8. Profit/(loss) before taxation

	Financial year ended 30 September 2020 £	Financial year ended 30 September 2019 £
Profit/(loss) before taxation is stated after expensing /(crediting):		
Impairment of financial assets - expected credit loss (Note 11)	**3,714**	55,003
Amounts written off intercompany receivables	**3,480**	-
Foreign exchange gains	**(5,776)**	(9,734)

Auditor's 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.

9. Tax expense

The tax expense can be summarised as follows:

(i) Analysis of tax expense in the year

	Financial year ended 30 September 2020 £	Financial year ended 30 September 2019 £
Current tax:		
Amounts payable to fellow subsidiaries for group relief	4,880	4,586
Total current tax	**4,880**	4,586
Total tax expense in the Statement of Comprehensive Income	**4,880**	4,586

(ii) Factors affecting the tax expense in the year

The tax expense (2019: expense) for the financial year ended 30 September 2020 is greater than (2019: greater than) 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 £	Financial year ended 30 September 2019 £
Profit/(loss) before taxation	**22,201**	(30,865)
Profit/(loss) multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	**4,218**	(5,864)
Effects of:		
- Expenses not deductible for tax purposes	**662**	10,450
Total tax expense in the Statement of Comprehensive Income	**4,880**	4,586

(iii) Factors affecting the future tax expense

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

At the Statement of Financial Position date, Finance Act 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. If enacted 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.

10. Investments in subsidiaries

	Investments in subsidiary undertakings
	£
Cost:	
At 1 October 2019 and at 30 September 2020	8,249
Impairment:	
At 1 October 2019 and at 30 September 2020	(8,249)
Net book value:	
At 30 September 2019 and at 30 September 2020	-

List of investments in subsidiaries at 30 September 2020:

Nam e of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total % held by the Group
Ocean College LLC	Egypt	Sharm el Sheikh, governorate of South Sinai.	EGP1.00 ordinary shares	90	100
Ocean Ventures for Hotel and Tourism Services SAE	Egypt	Sharm el Sheikh, governorate of South Sinai.	EGP1.00 ordinary shares	96	98
Sons of South Sinai for Tourism Services and Supplies SAE	Egypt	Ledger Consulting, 5th Floor, 136 Osman EBN Afan, Misr El Gadida, Cairo.	EGP1.00 ordinary shares	49	83

The Directors do not consider the investments recoverable based on the net assets of the subsidiary undertakings, therefore the investments have been fully impaired in prior years.

11. Trade and other receivables

	As at 30 September 2020	As at 30 September 2019
	£	£
Amounts due from other Group undertakings	**2,011,941**	650
	2,011,941	650

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, interest-free and repayable on demand totalling £2,011,941 (2019: £650). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

Amounts due from other Group undertakings include an expected credit loss relating to an unrecoverable intercompany receivable of £381,302 (2019: £377,588).

12. Trade and other payables

	As at 30 September 2020 £	As at 30 September 2019 £
Amounts due to parent undertakings	**24,130**	24,130
Amounts due to other Group undertakings	**38,537**	445,407
Amounts due to subsidiary undertakings	**174,970**	176,968
Group relief payable	**9,467**	4,586
	247,104	651,091

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, interest-free and repayable on demand totalling £247,104 (2019: £651,091). FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

13. Share capital

	As at 30 September 2020 £	As at 30 September 2019 £
Authorised		
50,000 (2019: 50,000) ordinary shares of £1.00 each	**50,000**	50,000
Issued and fully paid		
50,000 (2019: 50,000) ordinary shares of £1.00 each	**50,000**	50,000

14. Reserves

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

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

15. Related party transactions

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

16. Post balance sheet events

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.

16. Post balance sheet events (continued)

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

17. Ultimate parent company and controlling party

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is Thomson Travel Group (Holdings) Limited, a company registered in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from its registered address via Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tuigroup.com/en-en.

No other financial statements include the results of the Company.