Companies House
Accounts filing

Flight Centre (UK) Limited
Company no. 02937210
30 June 2022

Company No: 02937210

Flight Centre (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2022

Contents

Company information

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A Murray
S Norris

Company Secretary
A Murray

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Independent Auditor
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London
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Registered Number
02937210

Strategic report

The board has pleasure in presenting the strategic report of Flight Centre (UK) Limited for the year ended 30 June 2022.

Principal activities and business review

The Company's principal activity continued to be that of a retailer of domestic and international travel and the provision of travel management services.

Flight Centre (UK) Limited started the financial year with trading levels of circa 15% of pre COVID levels. As international borders opened and travel restrictions eased over the first half of the financial year, travel restarted quickly, reaching turnover levels of over 40% of pre COVID-19 levels in November 2021.

Pent up demand for holidays and the need for business customers to travel to reignite their own businesses saw travel bounce back quicker than originally projected, though the presence of the Omicron COVID-19 variant in December 2021 slowed this recovery. However, from March 2022 travel volumes increased rapidly through to the end of the financial year to 82% of pre COVID-19 levels.

The key focus for the Company this year has been managing the rapid return of travel, supporting customers through uncertain times, and returning the business to profitability.

The key mid-term strategic priorities for the directors have been:

1) Ensuring the safety and well-being of both our travelling customers and our employees.
2) Ensuring resources are managed appropriately to meet the needs of our customers across all our brands, including a focus on recruitment and retention.
3) Re-igniting the Flight Centre culture for our people as they return to work.
4) Investment in the well-being and development of our people.
5) Prioritising areas for investment to enable future growth.
6) Controlling the return of costs back into the business following the restructuring initiatives through the COVID-19 pandemic.

In the opinion of the directors the Company performed well against these key strategic priorities for the financial year and continue to do so. The directors instigated a cost reduction programme in March 2020. This saw a significant reshaping of the business. In June 2020 the Company achieved its cost base reduction target of 30% of pre COVID-19 levels, however incremental costs have increased as travel activity has returned. Total costs for FY2022 remained below 50% of pre COVID-19 levels.

Flight Centre (UK) Limited continued to utilise the government furlough scheme through to the end of the scheme in September 2021. The furlough scheme allowed the Company to retain an additional 250 employees, who returned to the business in October 2021.

Through the Bank of England Corporate Covid Financing Facility (CCFF) programme the Company secured loans totalling £115,000,000. This loan was fully repaid in March 2022 as per the terms of the loan.

At the start of the financial year, as customers started to travel again, these were times of great uncertainty with travel restrictions and rules changing frequently. The Company's priority has been to be able to provide our customers with timely and accurate travel information, based on the latest FCDO (previously FCO) and wider government advice. Whilst travel volumes were relatively low in the first half of the financial year, investment in travel consultants was critical to ensure that the Company was able to provide its customers with reassurance and expertise in relation to their travel plans and itineraries.

Strategic report *(continued)*

With the easing of Working from Home restrictions in the first half of the financial year, the Company was able to welcome back its employees to its offices after first ensuring that we were able to provide COVID-19 secure working environments. The Company recognises that sustained periods of home working present challenges from a health and mental well-being perspective and where possible has tried to provide the opportunity for its employees to safely return to the office. Throughout the pandemic considerable effort was made to ensure that regular communication and engagement with all our employees was maintained across various communication channels.

In the opinion of the directors the Company was performing well prior to COVID-19; delivering strong results in both total transactional value (TTV) and profit before tax. A key goal for this year was to return the Company to profit. Profitability was first achieved in October 2021, with turnover levels of 40% of pre COVID-19 levels. From March 2022 the Company was delivering pre COVID-19 levels of monthly profitability and finished the full year in a profitable position.

Principal risks and uncertainties

The board and senior executives consider the principal risks and uncertainties affecting the Company to fall under the following categories. The risk factors should not be regarded as a full and comprehensive statement of all potential risks that might impact the Company's performance. The Company maintains an active risk register which is regularly reviewed by senior local management and is additionally reported to the Flight Centre Travel Group Limited board.

Trading risks

Events outside the board's control include acts of terrorism, international wars, pandemics, earthquakes, and other natural disasters. Such events would have an adverse impact on the Company's trading position. The board recognises that it cannot mitigate specifically against these acts. However, the Company's continuing broad product offering, through its portfolio of trading brands in terms of customer experience and destination, can help to reduce the impact of these risks. In addition, as an agent for the majority of products rather than a principal, the Company is able to avoid risks and liabilities in relation to destination and product type commitments, unlike a traditional tour operator.

COVID-19 impacted trading levels across all divisions, with global travel restrictions across both Leisure and Business travel. The diversity of the Company's brands has had limited impact on mitigating this risk to trading. However, as detailed above, the Company has been able to take action to mitigate the impact on cash flows and secure the long-term sustainability of the business. Whilst the easing of travel restrictions and customer demand for travel has been welcomed the recovery of travel has been restricted due to capacity constraints across the industry, (airfare and hotel availability), which in turn has driven up the cost of travel for our customers. TTV has reached 80% of pre COVID levels, though this slightly overstates the recovery due to the increase in the cost of travel.

Strategic report *(continued)*

Competition

The Company faces competition from a wide range of travel companies due to its broad travel offering. Such competition can adversely impact market share, margins and ultimately profit. The Company looks to mitigate this risk by undertaking frequent reviews of pricing, product and service offerings to ensure competitiveness and by differentiating itself from the competition through the high levels of customer service and product understanding it can offer through all its brands. The corporate travel market is witnessing more and more technology-based disruptors entering the marketplace. In response, the Company and its parent company continue to increase their investment in technology to compliment the people to people offering at the core of its success.

Due to the Company's commitment to an offline retail offering, the increasing desire for customers to book travel online is often seen to pose a risk to the Company's market share and margins. The Company continually reviews its online strategy to ensure that it reflects the changing needs of its customers and how they choose to purchase travel. The Company's offline offering provides our customers with a high touch, enriched booking experience specifically suited to complex travel arrangements. With the staggered easing of travel restrictions across international borders and travel requirements, this has created greater complexity for our customers, and they have in turn valued even more the reassurances and expertise provided through our offline channels.

The Company will continue to invest in a multi-channel offering for its customers to meet the booking channel preferences of all customers. The Company continues to ensure that its websites strongly communicate to its customers the offerings and benefits available through dealing directly with its travel consultants in its high street stores or over the phone. Whilst the Company in direct response to COVID-19 had to significantly rationalise its physical Leisure footprint, it recognises the importance to our customers and the role physical locations play in providing a multi-channel offering.

The entire industry has been impacted by the COVID-19. However, by resizing the business, securing liquidity and prioritising areas for investment, the Company has been well placed to address any adverse impact from competition as travel restrictions have eased throughout the year.

Employee attrition

A number of key factors have heightened the risk of employee attrition over the course of the year. Following the pandemic there has been a general tightening of the labour market, driving up wages across all sectors. Understandably, given the direct impact the COVID pandemic has had on the travel industry we have seen many people exit the travel sector over the last two years. The rising cost of fuel and energy and broader rising inflation experienced in the UK has also increased pressure for wage increases. To counter this the Company has invested across many fronts this year to support its people, retain talent and recruit new employees to meet customer demand. A key focus has been an investment in our people's learning and development, though the implementation of a new personal development and capabilities platform. In addition, through the year salaries and remuneration packages have been constantly reviewed including a cost-of-living salary increase across the Company.

As a consequence of these initiatives the Company has been able to deliver all time high levels of staff retention.

Strategic report *(continued)*

Section 172 statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1a) – (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

The directors of the Company have always taken decisions for the long-term and collectively and individually our aim is always to uphold the highest standards of conduct, as documented in our internal policies, code of conduct and Company philosophies. We expect all of our colleagues, at all levels of the business, to do the same. Equally we know that our Company can only grow and succeed over the long term if we understand and respect the views and needs of our customers, our people, our suppliers and the local communities we operate in, as well as our shareholders to whom we are accountable.

We understand that our strategic direction can only be achieved with the support and collaboration across our key stakeholder groups. We have a responsibility to our stakeholders to consider their views and to engage in matters that are important to them.

Set out below are the key stakeholder groups the directors have identified, the engagement that allows the directors to capture the views and needs of its key stakeholders and the key issues and decisions made that have materially impacted stakeholders.

Our customers

Importance:
We recognise that our customers always have a choice, and we care about delivering amazing travel experiences.

Engagement:
The service we provide our customers is delivered through small, dedicated teams and individual travel consultants.

In our Business travel brands, we invest heavily in our Account Management teams and recognise the importance of establishing multi-level relationships with our customers, through to the senior leadership team. An important element of this is regular customer account reviews.

Our Business travel brands conduct a structured programme of Client Advisory Groups and in addition hold regular events with our customers both to thank our customers for their support but also to build further engagement.

Across all our brands we run a programme of customer surveys and feedback and utilise external metrics such as Trust Pilot scores to help measure the quality of service we provide our customers.

Our Marketing departments regularly run market research and customer focus groups to ensure that we are able to fully understand the changing needs of our customers and the broader market.

Despite the impact of COVID-19 and the travel restrictions it has caused, continued efforts have been made to stay engaged with our customers, (including the retention of Account Management teams), to understand their changing travel policy needs and for us to provide up to date information regarding safe allowable travel.

Extensive research has been carried out to constantly monitor the appetite of our Business travel customers for travelling again and their key concerns for when they do travel.

Strategic report *(continued)*

Key decisions:
As travel has returned it has been clear from our customers that they have had a heightened need for interaction and support from our travel experts. This has often resulted in considerably more interactions and touch points with our customers for a single booking. This has led the senior management team to prioritise investment in consultant numbers to meet these additional needs of our customers across all brands.

Our people

Importance:
Our Company is our people. We care for our colleagues' health and well-being, their personal and professional development and their financial security. We believe work should be challenging and fun for everyone and through work we contribute to our community.

Engagement:
The Company has always believed in the importance of maintaining a lean and flat organisational structure, whereby our senior leaders are always accessible to our people. Aligned to this is our small team structure, which we believe is critical to being able to provide support and development for individuals.

Monthly one on one's, weekly team meetings, off site planning days and staff conferences ensure that there is always open and honest dialogue between all our people. In addition, the Company has recently introduced an internal social media platform to foster stronger two-way dialogue across the Company and heighten employee engagement.

Annual staff surveys are critical to capturing the views of our people and identifying areas where we can improve from a people support perspective.

Key decisions:
The Company continued to make use of the government furlough scheme until its termination in September 2021 to protect employees' income whilst no meaningful work was available during a period of suppressed travel activity due to COVID-19.

The senior management team recognise the increased desire of its people for flexible working. As a result, the Company introduced a new flexible working policy, trialling a minimum of three days a week in the office. At the same time, it has also taken steps to provide more collaborative working spaces within the office for when people are in the office, recognising the importance of collaboration to mental well-being and productivity.

In recognition of the loyalty and commitment of our people throughout the pandemic, an employee rights issue was granted by the parent company and offered to all employees. The rights will vest in February 2023. On average, this represented 250 FCTG shares per employee.

Strategic report *(continued)*

Our suppliers

Importance:
Our suppliers are critical to ensuring we can deliver consistent services levels and products for customers and for us to achieve our commercial goals.

Engagement:
It is important to foster strong multi-level relationships with our suppliers and senior management take an active role in achieving this. Additionally, our dedicated supplier management teams are responsible for ensuring that there are regular service and commercial reviews with all our key suppliers with key matters being reported to directors.

Our supplier management teams have worked closely with suppliers to understand their challenges brought about through COVID-19 and their needs as travel volumes have increased. However, capacity constraints across nearly all of our suppliers have remained a real challenge, which in turn has increased the cost of travel for our customers.

Regulators and industry bodies

Importance:
It is important to fully understand and comply with regulator and industry body requirements to ensure the Company is lawfully trading.

Engagement:
The Company actively engages with key industry bodies, including ABTA and the Business Travel Association, to be informed of current issues faced by the industry. The Company also invests time and resource in fostering open relationships and dialogue with both the CAA and IATA.

COVID-19 created a number of regulatory changes and challenges, especially in relation to the treatment of refunds and financial criteria set by industry regulators. Continual open dialogue has helped considerably through these unprecedented times for the industry.

Key decisions:
The Company recognises that there are a number of challenges that impact the travel industry as a whole, including sustainability and talent attraction. As a consequence, the Company is endeavouring to increase its involvement with the key industry bodies.

Local communities

Importance:
The Company believes it can have a positive impact on the local communities in which it operates, servicing local businesses and customers, providing employment and recognising the need to be respectful of the local environment.

Engagement:
The Company continues to operate on the High Street, placing our business directly within communities.

Key decisions:
The Company continues to believe in the importance of having a high street presence and as such the decision was made to both retain its current number of retail sites and grow this number over the coming years.

Strategic report *(continued)*

Parent company

Importance:
We recognise our responsibilities as a subsidiary of our Australian parent listed on the ASX.

Engagement:
The Company has representation on the Global Management Team. Across all key functions of the business, the Flight Centre Group operates global structures which the Company is represented on.

The Company has a regular cadence of financial and operational reporting to its parent, often providing daily updates on key trading metrics to ensure the parent company has a full and timely understanding of the Company's trading position.

Financial review and key performance indicators

The Company's objectives are set annually, and progress is monitored by the board of directors and senior executives. A number of key performance indicators are used as part of this process to track performance year on year.

Total transactional value £'000

2022	£541,718
2021	£124,206
% variance	336% increase

Total transactional value represents the price at which travel products and services have been sold and is stated net of VAT. This represents the total turnover value of the Company and is deemed a key indicator of business performance.

For the first quarter of the year, turnover levels were below 20% of pre COVID-19 levels. The easing of travel restrictions for transatlantic travel resulted in a spike in turnover recovery across October 2021 and more markedly in November 2021. However, the presence of the Omicron COVID-19 variant in December 2021 slowed the recovery. The recovery increased again in March 2022 and turnover levels averaged over 70% of pre COVID-19 levels for the final quarter of the financial year.

Total revenue £'000

2022	£92,423
2021	£25,393
% variance	264% increase

The return of revenue followed a similar pattern to TTV. However, the increased costs of travel content (airfares and hotels) has had a negative impact on reported income margins.

Gross profit £'000

2022	£80,004
2021	£22,331
% variance	258% increase

The gross profit increase was comparable with the income growth and margin impact from the increased cost of travel content.

Strategic report *(continued)*

Profit/(loss) before income tax £'000

2022	£2,707
2021	£(26,825)
% variance	110% increase

The Company first returned to monthly profit in October 2021 following the losses of the last two years due to the impact of COVID-19. This was achieved at TTV levels of 40% of pre COVID-19 levels and as a result of the significant restructuring undertaken in the previous year and a continued tight focus on costs. Total costs for FY 2022 were less than 50% of pre COVID-19 levels. The Company delivered profitable results for the remaining seven months from October 2021, reaching pre COVID-19 monthly levels of profitability for the final quarter of the year.

Average consultant numbers

2022	446
2021	569
% variance	22% decrease

Average consultant numbers represent the number of full time equivalent employed sales consultants in the financial year.

This reported decrease is distorted by the significant restructuring and reduction of consultant numbers in September 2020. The number of consultants has remained stable from September 2020 through to June 2022. It was a management decision to retain consultant numbers at this level even though trading was less than 30% of pre COVID-19 levels, to ensure that the Company was ready for the return of travel. Consultant retention levels remained high through these suppressed trading times.

Future developments

The directors recognise that it is impossible to accurately predict the course of the recovery. However, the directors are confident that the restructuring of the Company's cost base, securing liquidity, support from its parent and a highly prioritised investment strategy, focused on sales and marketing, customer retention, customer technology and productivity gains, mean the Company is positioned to deliver annual results for FY 2023 comparable with pre COVID-19 levels.

By order of the board

DocuSigned by:
Adam Murray
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A Murray
Company secretary
23 December 2022

Directors' report

The board has pleasure in presenting the directors' report of Flight Centre (UK) Limited for the year ended 30 June 2022.

Results and dividends

The trading results for the financial year and the Company's financial position at the end of the financial year are shown in the strategic report and the financial statements. No dividends were declared or paid during the year ended 30 June 2022 (2021: £nil).

Going concern

The COVID-19 pandemic has had a significant impact on the travel and tourism industry and continues to impact the Company. However, this last year has seen the return of travel, approaching pre COVID-19 levels of turnover by the end of the financial year, giving rise to a full year profitable result for the year ended 30 June 2022. Whilst there is still uncertainty in the timing of the full travel recovery and the Company's revenues, results over the last six months give the directors confidence that FY 2023 will deliver profits comparable with pre COVID-19 levels and the Company has the ability to meet its debts as and when due for the next 12 months and for the financial statements to be prepared on a going concern basis.

However, there is still a level of uncertainty created by the current economic environment. The Company has modelled a severe but plausible downside scenario and in the event that it were to occur, the Company will need to secure sufficient additional funding. Sources of additional funding are not guaranteed but the Company is confident of the support from its parent, Flight Centre Travel Group Limited. The directors obtained a letter of support from the parent company, but this financial support to the Company is subject to approval of the Group's external banking group lenders. The Company's ability to obtain additional funding represents a material uncertainty and this could cast significant doubt upon the Company's ability to continue as a going concern. Refer to Note 2 for further details.

Directors

The directors who held office during the financial year and up to the date of signing these financial statements are given on page 1.

Directors' indemnities

Flight Centre Travel Group Limited, the Company's ultimate parent undertaking and controlling party, maintains liability insurance for the Company's directors and officers.

Employees and equal opportunities

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour or disability. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled, the Company continues employment either in the same or an alternative position, with appropriate retraining being given if necessary.

Directors' report *(continued)*

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The Company conducts an annual employee survey to gauge employee engagement with the Company and ascertain levels of motivation, contentment, quality of leadership, systems and levels of reward. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its success. The Company encourages the involvement of employees by means of standard communication systems, which stipulate that leaders at all levels should have regular one to one meetings with their staff as well as weekly business meetings with their teams. Furthermore, leaders at all levels within the Company publish regular newsletters on the Company's intranet which keep all readers informed on current developments within their respective areas.

Policy on financial risk management

The Company's policy on financial risk management is continually reviewed throughout the financial year to ensure it is current and appropriate. The senior management team jointly have responsibility for this. Further details on the Company's management of this risk can be found in note 23.

Political donations

No political donations were made in either the current or prior periods.

Environmental impact

GHG Emissions and Energy Performance

Flight Centre (UK) Limited recognises the growing importance of sustainability and the environmental impact of our operating activities. We are continually working with our stakeholders to action initiatives to reduce our emissions. These initiatives include a carbon offsetting policy for all our shops and offices, as well as our internal travel. Given that the company is predominantly a retail business, selling leisure and corporate travel through a number of channels and as an agent for the end-suppliers, it is not in itself a major emitter. Within our business, we proactively work towards reducing our environmental impact by going green wherever possible in procurement and through better waste management practices, lowering energy consumption and decreasing power usage. During FY22, the Group appointed the first global sustainability officer (GSO) to globalise the Group's approach to Environmental, Social and Governance (ESG) to ensure greater impact and consistency of approach throughout our business. The Group also created a Sustainability Executive Team – consisting of four members of the Global Executive Team, the GSO and representatives from various other parts of our business – to ensure sustainability strategies and goals align with the company's overarching business objectives globally.

Flight Centre (UK) Limited is required to report under the Streamlined Energy and Carbon Reporting (SECR) framework, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Directors' report *(continued)*

We appointed BIU energy consultants to audit our environmental impact in compliance with the SECR framework. This has been calculated in accordance with Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. In preparing the report we have estimated or extrapolated 3% (2021: 1.3%) of Total Scope 1 and 2 Energy Consumption (kWh) and 2% (2021: 1.3%) of Total Scope 1 and 2 Emissions (tCO2e).

Sources of greenhouse gas emissions		**2022 consumption (kWh)**	**2022 emissions (tCO2e)**
Scope 1 emissions [a]	Natural gas	93,132	17.1
Scope 2 emissions [b]	Organisation controlled electricity	770,658	163.6
Scope 3 emissions [c]	Indirect transport	12,579	3.2
	Total	**876,369**	**183.9**

Carbon Intensity:

Scope 1 & 2 emissions divided by total transaction value (TTV)

tcO2e / £m TTV [d]	**0.3**

a) This primarily comprises the emissions associated with the combustion of fuels, as well as additional emissions sources such as refrigerant leakages.

b) This primarily comprises the emissions associated with the electricity consumption, as well as emissions associated with any generated electricity.

c) This primarily comprises the emissions associated with indirect travel i.e. employee owned vehicles.

d) This is comprised of all scope 1 and 2 emissions associated with the operating activities, divided by £m of TTV.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards. 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 adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors' report *(continued)*

Statement on disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each of the directors has taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

DocuSigned by:
Adam Murray
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A Murray
Company secretary
23 December 2022

Independent auditor's report to the members of Flight Centre (UK) Limited

Opinion

We have audited the financial statements of Flight Centre (UK) Limited for the year ended 30 June 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 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 describes the uncertainty around the travel sector and the ability for the entity to obtain additional funding if required. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Flight Centre (UK) Limited *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 12, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the members of Flight Centre (UK) Limited *(continued)*

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards) and the relevant UK tax compliance regulations, principally relating to those issued by HMRC. In addition, we concluded that there are certain significant laws and regulations which have an effect on the determination of the amounts and disclosures in the financial statements being the General Data Protection Regulation, those laws and regulations relating to health and safety and employee matters and specific regulations as set out by the Civil Aviation Authority.
- We understood how the Company is complying with those frameworks by making enquiries of management, including those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and by understanding the entity level controls implemented by those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered where the significant estimates and judgements are in the financial statements. We assessed the programmes and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included enquiries of management and legal counsel; and journal entry testing with a focus on manual journals or unusual transactions based on our understanding of the business.

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

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.

DocuSigned by:
Ernst & Young LLP
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J I Gordon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 December 2022

Statement of comprehensive income for the year ended 30 June 2022

	Notes	30-Jun 2022 £'000	Restated 30-Jun 2021 £'000
Revenue	5	**92,423**	25,393
Cost of sales	6	**(12,419)**	(3,062)
Gross profit		**80,004**	22,331
Expenses			
Operating expenses	6	**(79,095)**	(49,714)
Operating profit/(loss)		**909**	(27,383)
Finance income	8	**2,844**	1,351
Finance costs	8	**(1,046)**	(793)
Profit/(loss) before income tax		**2,707**	(26,825)
Income tax (expense)/credit	9	**(253)**	5,542
Profit/(loss) and total comprehensive income/(loss) for the year		**2,454**	(21,283)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Items in the statement above are all derived from continuing activities.

Statement of financial position as at 30 June 2022

	Notes	30-Jun 2022 £'000	30-Jun 2021 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**1,290**	2,020
Intangible assets	11	**901**	1,061
Right of use assets	12	**5,217**	7,604
Investment in subsidiaries	13	**2**	2
Deferred income tax assets	14	**8,509**	7,956
Trade and other receivables	15	**62,816**	70,071
Total non-current assets		**78,735**	88,714
Current assets			
Trade and other receivables	15	**66,205**	114,692
Current income tax receivables		**-**	525
Cash and cash equivalents	16	**25,287**	17,870
Total current assets		**91,492**	133,087
Total assets		**170,227**	221,801
LIABILITIES			
Non-current liabilities			
Trade and other payables	17	**1,967**	2,130
Lease liabilities	12	**4,098**	8,125
Provisions for other liabilities and charges	19	**331**	756
Total non-current liabilities		**6,396**	11,011
Current liabilities			
Trade and other payables	17	**88,299**	36,969
Lease liabilities	12	**3,548**	4,334
Borrowings	18	**13,951**	114,462
Provisions for other liabilities and charges	19	**549**	-
Current income tax liabilities		**5**	-
Total current liabilities		**106,352**	155,765
Total liabilities		**112,748**	166,776
Net assets		**57,479**	55,025

Statement of financial position as at 30 June 2022 *(continued)*

	Notes	**30-Jun 2022 £'000**	30-Jun 2021 £'000
EQUITY			
Called up share capital	21	**4,604**	4,604
Share premium account		**4,674**	4,674
Capital reserve		**(578)**	(578)
Retained earnings		**48,779**	46,325
Total equity		**57,479**	55,025

The notes on pages 22 to 63 form part of these financial statements.

The financial statements were approved by the board of directors on 23 December 2022 and were signed on its behalf by:

DocuSigned by:
Adam Murray
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A Murray
Director

Registered number 02937210

Statement of changes in equity for the year ended 30 June 2022

	Notes	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 June 2020		4,604	4,674	(578)	67,608	76,308
Loss for the year		-	-	-	(21,283)	(21,283)
Total comprehensive loss		-	-	-	(21,283)	(21,283)
Balance as at 30 June 2021		**4,604**	**4,674**	**(578)**	**46,325**	**55,025**
Profit for the year		-	-	-	2,454	2,454
Total comprehensive income		-	-	-	2,454	2,454
Balance as at 30 June 2022		**4,604**	**4,674**	**(578)**	**48,779**	**57,479**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

The capital reserve represents the excess of the costs of investment over the identified assets and liabilities transferred by subsidiary companies as part of group restructurings.

Statement of cash flows for the year ended 30 June 2022

	Notes	30-Jun 2022 £'000	30-Jun 2021 £'000
Cash flows from operating activities			
Cash generated from/(utilised in) operations	7	**13,117**	(50,790)
Interest received		**514**	79
Interest paid		**(937)**	(201)
Income tax (paid)/received		**(16)**	5,795
Net cash used in operating activities		**12,678**	(45,117)
Cash flows from investing activities			
Purchase of intangible fixed assets	11	**(445)**	(153)
Purchase of property, plant and equipment	10	**(381)**	(46)
Loan to parent entity	15	**100,000**	(100,000)
Net cash flow generate from/(utilised in) investing activities		**99,174**	(100,199)
Cash flows from financing activities			
Repayment of principal on lease liabilities	12	**(3,926)**	(4,316)
Proceeds from loans from group undertakings		**13,509**	-
Repayment of loans from group undertakings		**(8,373)**	-
Proceeds from bank overdraft facility		**8,600**	-
(Repayment of)/proceeds from borrowings received		**(114,245)**	114,245
Net cash (utilised in)/generated from financing activities		**(104,435)**	109,929
Net increase/(decrease) in cash and cash equivalents		**7,417**	(35,387)
Cash and cash equivalents brought forward		**17,870**	53,257
Cash and cash equivalents carried forward	16	**25,287**	17,870

The notes on pages 22 to 63 form part of these financial statements.

Notes to the financial statements

1. General information

The financial statements of Flight Centre (UK) Limited ('the Company' hereon) for the year ended 30 June 2022 were authorised for issue by the board of directors on 23 December 2022 and signed on its behalf by A Murray.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 6, CI Tower, St Georges Square, High Street, New Malden, Surrey, KT3 4TE.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with UK adopted International Accounting Standards.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

All amounts within these financial statements have been presented to the nearest thousand unless otherwise indicated.

Statutory base
Flight Centre (UK) Limited is a company registered under the Companies Act 2006.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Group financial statements
The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Flight Centre Travel Group Limited, a company incorporated in Australia, details of which are in note 26, and is included in the consolidated financial statements of that company.

Prior year comparative information
The prior year financial statements have been restated to decrease revenue and other operating expenses by £8,306,000 to £25,393,000 and £49,714,000 respectively to eliminate intra-company management charges between cost centres. There was no impact on the reported loss for the year or the net assets at 30 June 2021.

Notes to the financial statements *(continued)*

Going concern

The COVID-19 pandemic has had a significant impact on the travel and tourism industry and continues to impact the Company. However, this last year has seen the return of travel, approaching pre COVID-19 levels of turnover by the end of the financial year, giving rise to a full year profitable result for the year ended 30 June 2022. Whilst there is still uncertainty in the timing of the full travel recovery and the Company's revenues, results over the last six months give the directors confidence that FY 2023 will deliver profits comparable with pre COVID-19 levels and the Company has the ability to meet its debts as and when due for the next 12 months and for the financial statements to be prepared on a going concern basis.

The directors in their assessment of going concern have modelled a cash flow projection for the period to 31 December 2023. This projection represents their view of the continued recovery for the UK travel industry and the Company.

The key assumptions and inputs to this projection are:

- The projected turnover recovery reflects a continuation of the increase in booking volumes experienced throughout 2022.
- The Company's cost base will increase both for variable pay to consultants and inflationary increases in overhead costs.
- The bank overdraft will be repaid in full by February 2023.

Having reviewed the forecasts, the directors have a reasonable expectation that the Company has sufficient liquidity to continue as a going concern for a period of at least 12 months and hence continue to adopt the going concern basis in preparing the financial statements.

However, there is still a level of uncertainty created by the current economic environment. The Company has modelled a severe but plausible downside scenario and in the event that it were to occur, the Company will need to secure sufficient additional funding. Sources of additional funding are not guaranteed but the Company is confident of the support from its parent, Flight Centre Travel Group Limited. The directors obtained a letter of support from the parent company, but this financial support to the Company is subject to approval of the Group's external banking group lenders. The Company's ability to obtain additional funding represents a material uncertainty and this could cast significant doubt upon the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would be required if the Company was unable to continue as a going concern.

(b) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Monetary assets and liabilities
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Notes to the financial statements *(continued)*

(c) Revenue recognition

Revenue comprises the fair value for the sale of domestic and international travel, as well as other goods and services, net of value added tax ('VAT'), rebates and discounts. Revenue is recognised as follows:

(i) Revenue from travel services

Principal revenue from the provision of travel
Revenue is generated when the Company, acting as principal, develops and offers products in its Retail and Corporate businesses for which the Company is principal.

Where the Company acts as a principal, revenue represents the total transactional value, which excludes any value added tax. Total transactional value represents the price at which travel products and services have been sold, plus revenue from other sources. Revenue from these sales is recorded over time, as the performance obligation is satisfied, on a percentage of completion method based on the total number of travel days. Revenue and related costs are held as deferred income and prepayments respectively in the statement of financial position until the travel days are complete, being the return date.

Agency revenue from the provision of travel
Revenue is generated when the Company, acting as an agent, arranges and books travel and travel related products to be provided by suppliers to Retail and Corporate consumers. The supplier of the travel products is the principal in the travel sales transaction. From the Company's perspective, the supplier of the travel products is the customer in the agency relationship.

Where the Company acts as an agent, revenue represents commission earned on flights, hotel bookings, package and other travel-related sales. Revenue from the sale of travel services as agent is recorded when all customer monies relating to each sale have been received or invoiced and all obligations on the Company to fulfil the booking have been met, as this is when the performance obligation is satisfied. Revenue not generated directly from the issuing of travel documents is recognised in accordance with contractual agreements.

The Company applies a constraint to revenue to allow for bookings that may be cancelled prior to travel (either by the supplier, end-consumer or due to government restrictions) requiring a refund of the revenue earned by the Company. While the Company has terms and conditions in place to allow the retention of cancellation fees on cancellation of certain bookings, a decision has been made that these will not be applied in all circumstances.

The Company recognises a contract liability for the provision of refunds due, which recognises the uncertainty that the travel may be cancelled prior to departure. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates.

This constraint of revenue will unwind when the uncertainty is removed. Either the end consumer will travel, in which case the Company will recognise the revenue in the statement of comprehensive income, or, if the travel does not proceed, this contract liability will be settled via payment to the end consumer.

Notes to the financial statements *(continued)*

(ii) Supplier incentives and lump-sum revenue

From time-to-time, incentives or lump sum amounts are received from suppliers. The supplier of the travel products is the customer in the agency relationship under IFRS 15. The recognition pattern is dependent on the specific terms of each contract. The revenue is only recognised upfront where there has been a distinct service transferred upfront, otherwise it is recognised over the term of the contract in line with the delivery of the performance obligation. The revenue can be either fixed or variable and is constrained where contract terms require the supplier to be refunded in part or full upon termination of the contract.

Associated contract costs may be eligible for capitalisation as fulfilment assets and amortised over the same period.

Lump sum deferred revenue is recognised over the contract terms which typically range between 1 to 3 years.

(iii) Revenue from events management services

For event management services, where events have a life cycle from acceptance (budget approval) to event of four months or more and the likely revenues can be reliably estimated, the Company recognises revenue based on the stage of completion of the event, being the period over which the performance obligation is satisfied.

(iv) Other revenue

Other revenue consists of non-travel related supplies and management fees received from group entities for administrative services provided. Other revenue is recognised over time as the services are provided, being the period over which the performance obligation is satisfied. Where rebates are received from non-travel category supplies, revenue is recognised as per the contract year and matched to the period of performance. Where volume targets and associated rebate tiers exist, estimates of the full contract value are made and apportioned to the periods based on performance.

(d) Government subsidies and grant income

Government subsidies and grant income is recognised when there is reasonable assurance that the conditions attached to the income will be met and that the income will be received. The income is recognised in profit or loss over the periods in which the Company incurs expenses for which the subsidies or grants are intended to compensate.

Notes to the financial statements *(continued)*

(e) Income tax

The income tax expense for the period is the total of the current period's taxable income based on the income tax rate, any prior years' under/over provisions, and movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(f) Leases

The Company's lease portfolio largely consists of land and buildings for its offices and retail stores. Lease contracts contain a wide variety of terms and conditions, are negotiated individually and typically have a non-cancellable period of 1 - 10 years which may include options to extend. On renewal, the terms of the leases are renegotiated.

Contracts may contain both lease and non-lease components. For leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- where variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid by the Company under residual guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Notes to the financial statements *(continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing, adjusted to reflect changes in financing conditions since third party financing was received;
- makes adjustments specific to the lease, such as lease term and security.

Where the Company is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Payments associated with the short-term leases of property, plant and equipment and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment with a value of less than £5,000.

The Company adopted the amendment to IFRS 16 - COVID-19-related rent concessions beyond 30 June 2021, which extends the practical expedient originally provided. The amendment allowed for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19, with the corresponding adjustment to the right of use asset.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Client cash represents amounts from customers held before release to service and product suppliers.

Notes to the financial statements *(continued)*

(h) Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

(i) Financial assets

The Company applies the requirements of IFRS 9 Financial Instruments (IFRS 9) to its financial assets.

Classification
Financial assets are classified in the following categories: financial assets at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the assets were acquired.

- Amortised cost: Applies to instruments which are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.
- FVTPL: Applies to instruments which are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell.
- FVOCI: Applies to instruments which satisfy the requirements of the business model test and contractual cash flow test.

Management classifies its financial assets at initial recognition and re-evaluates this classification at each reporting date.

(i) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a customer with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Financial assets at amortised cost are carried at amortised cost using the effective interest method and are included in receivables in the statement of financial position.

(ii) Impairment - expected credit losses

The Company applies both the general and simplified approach to the measurement of expected credit losses (ECLs). Under the general approach the Company applies a three-stage model for measuring ECLs based on changes in credit quality since initial recognition including:

- Stage 1: 12-month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows the Company expects to lose over that period.
- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

Notes to the financial statements *(continued)*

The Company assesses the credit risk and probability of default of financial assets by reference to external rating agencies where available on an asset by asset basis. The Company has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, the Company applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

For trade receivables, contract assets and lease receivables which do not contain a significant financing component, IFRS 9 offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. The Company has elected the simplified approach for trade and override receivables.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. The amounts are initially recognised at fair value and subsequently held at amortised cost.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques.

(l) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and installation of items for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- fixtures and fittings 2 – 7 years
- other property, plant and equipment 3 – 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

In accordance with IAS 16, an item of property, plant and equipment is derecognised when that item is disposed of or when there are no future economic benefits expected from its use or disposal. Gains and losses on disposals are determined by comparing asset proceeds with carrying amounts. These are included in the statement of comprehensive income within operating expenses.

Notes to the financial statements *(continued)*

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets at the date of acquisition and is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or immediately if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Computer software

Software costs have a finite useful life. Capitalised software is amortised using the straight-line method and written off over the useful economic life of 3 years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that are forecast to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(iii) Other intangible assets

These amounts represent decommissioning assets. The present value of the dilapidation costs associated with the fitout of new locations are capitalised in line with IAS 16 Property, Plant and Equipment and amortised over the life of the lease.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised as expenses in the period in which they are incurred and include interest on bank overdrafts and short and long-term borrowings:

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the liability's settlement for at least 12 months after the reporting period's end.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Notes to the financial statements *(continued)*

(o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Restructuring provisions are recognised in accordance with the provisions of IAS 37 Provisions, Contingent Liabilities and Contingent Assets when there is a detailed plan for the restructuring and where the Company has raised a valid expectation in those affected that the plan will be carried out.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Employee benefits

Liabilities for wages and salaries, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions are recognised in the statement of comprehensive income. See note 20 for costs associated with this scheme.

(q) Share based payments

Flight Centre Travel Group Limited (FCTG), the Company's parent company, issues equity-settled share-based payments to certain employees of the Company. The fair value of performance rights granted are recognised as an employee benefit expense recharged by FCTG to the Company. The fair value is measured at grant date and recognised over the period during which employees become unconditionally entitled to the rights.

The fair value at grant date is determined using the Black-Scholes option pricing model.. The fair value of the rights granted excludes the impact of any non-market vesting conditions (for example, continued employment). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable and the length of the vesting period. At the reporting period's end, the Group revises its estimate of the number of rights that are expected to become exercisable and the most likely vesting period. The employee benefit expense recognised in each period takes into account the most recent estimate.

Notes to the financial statements *(continued)*

(r) Royalties

Royalties are recognised in accordance with the relevant licence agreements each period. Any differences between the estimated and actual royalties are adjusted for in the following year.

(s) Changes in accounting policy and disclosures

(i) New and amended accounting standards and interpretations

No new standards or amendments became effective in the current reporting period that have a material impact on the Company.

(ii) Interpretations and revised standards that are not yet effective and have not been early adopted by the Company

There are no standards and interpretations to existing standards that have been published that are mandatory for the Company's future accounting, but which the Company has not adopted early, that are expected to have a material financial impact on the entity.

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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.

(i) Revenue recognition

The Company applies judgement in determining whether it is acting as principal or agent in the provision of travel services based on whether it controls the goods and services before they are transferred to the customer.

As set out in note 2(c), a constraint on revenue has been made due to the uncertainty that the travel may be cancelled prior to departure. The level of constraint and the related liability included in note 17 is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates based on forecast trading patterns.

(ii) Override revenue

In addition to commission payments, the Company is eligible for override payments from its suppliers. These overrides are negotiated with individual suppliers and will typically include a combination of guaranteed payments and volume incentives. The volume incentives are recognised at the amount receivable when annual targets are likely to be achieved.

Override income contains an accrual based on an analysis of current and future expected trading taking into account historical and newly negotiated contracts. Where signed contracts are not secured in a timely manner, a more conservative approach is taken in any judgement. Accruals recognised have taken this uncertainty into account and volume revenue has only been recognised to the extent of flown revenue at guaranteed rates or expected incentive rates.

At 30 June 2022, the carrying value of override receivables was £2,610,000 (2021: £159,000), which is included within trade receivables in note 15.

(iii) Provision for expected credit losses

The Company applies judgement in determining the expected credit losses (ECLs) to be applied against trade and other receivables. Estimates and assumptions are made in assessing ECLs taking into account the deterioration in ageing, known or expected financial difficulty of customers and individual customer credit risk assessment with reference to external rating agencies and industry. The judgements and assumptions used to estimate the allowance for expected credit losses on trade receivables may change in future periods as the pandemic continues to unfold and inflation rises in the UK market, potentially impacting the business prospects and financial condition of customers and the Company's ability to collect the trade receivables.

Notes to the financial statements *(continued)*

(iv) Income taxes

The Company is subject to income taxes in the UK. The Company makes estimates and judgements in determining the income tax expense for financial statement purposes and recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Currently, there are no anticipated tax audit issues. Further details on taxes are disclosed in note 9.

(v) Leases

The Company applies judgement in determining the lease term of contracts with renewal options. The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or if any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The majority of the Company's leases are renegotiated, therefore the renewal options are not exercised.

Notes to the financial statements *(continued)*

4. Divisional information

Description of segments

Business segments
The Company operates in one business segment, the sale of travel and travel-related services and products.

Geographical segments
The Company operates in one geographic segment, being the United Kingdom.

5. Revenue

	30-Jun 2022 £'000	Restated 30-Jun 2021 £'000
Total transaction value (TTV) *	**541,718**	124,206
Revenue from the provision of travel as agent	**24,502**	9,553
Revenue from the provision of travel as principal	**14,310**	2,109
Revenue from the provision of travel services	**38,812**	11,662
Management fees received from group entities	**51,195**	12,992
Other revenue	**2,416**	739
Total revenue	**92,423**	25,393

* Total Transaction Value (TTV) does not represent revenue in accordance with IFRS 15. TTV represents the price (net of VAT) at which travel products and services have been sold across the Company's various operations, as agent for various airlines and other service providers, plus revenue from other sources. The Company's revenue is derived from TTV.

Management fees received from group entities include income received from a subsidiary undertaking, Flight Centre (UK) Wholesale Limited, of £40,906,000 (2021: £7,090,000) in relation to management services provided.

Notes to the financial statements *(continued)*

6. Operating profit

(a) Expenses by nature

	Notes	30-Jun 2022 £'000	Restated 30-Jun 2021 £'000
Profit before income tax includes the following specific expenses:			
Cost of sales from the sale of travel as principal		**12,419**	3,062
Cost of sales		**12,419**	3,062
Wages and salaries		**45,270**	36,672
Pension costs	20	**1,641**	1,269
Social security costs		**5,590**	3,209
Share based payments		**2,521**	1,226
Total staff costs		**55,022**	42,376
Government subsidies received		**(1,270)**	(10,868)
Depreciation of property, plant and equipment	10	**1,111**	1,687
Amortisation of intangible assets	11	**598**	868
Depreciation of right of use assets	12	**2,309**	2,617
Loss on disposal of property, plant and equipment	10	**-**	209
Loss on disposal of intangible assets	11	**7**	307
Impairment of right of use assets (reversal)/expense	12	**(206)**	216
Impairment of investments in subsidiaries	13	**-**	289
Operating lease payments		**44**	-
Foreign exchange loss		**138**	52
Other expenses		**21,151**	11,796
		25,152	18,041

During the financial year the Company obtained the following services from the Company's auditor:

Fees payable to the Company's auditor for audit of the Company financial statements	**140**	121
Fees payable to the Company's auditor for other services		
- tax services	**22**	20
- other services	**29**	24
	191	165
Operating expenses	**79,095**	49,714

Notes to the financial statements *(continued)*

6. Operating profit *(continued)*

Government subsidies include wage subsidies received under the Coronavirus Job Retention Scheme (JRS). The JRS was available to the Company for three months of the financial year (2021: the full financial year) and compensated the wage costs of employees that were on furlough at that time. The subsidy was calculated in line with the HMRC guidance and was capped between £1,875 and £2,200 (2021: £1,875 and £2,500) per qualifying furloughed employee.

Operating expenses are classified as follows:

	30-Jun 2022 £'000	30-Jun 2021 £'000
Selling and distribution expenses	**3,938**	1,458
Administrative expenses	**75,157**	56,562
	79,095	58,020

(b) Employee information

The full time equivalent (FTE) average monthly number of persons employed by the Company during the year including executive directors was:

	30-Jun 2022 Number	30-Jun 2021 Number
Consultants	**446**	569
Administration	**374**	314
	820	883

(c) Key management personnel compensation

Directors' remuneration

	30-Jun 2022 £'000	30-Jun 2021 £'000
Aggregate emoluments	**685**	609
Pension contributions	**15**	16
	700	625
Aggregate emoluments include:		
Short term benefits	**700**	625

Key management personnel consist only of the directors of the Company, being the personnel with the greatest authority for the strategic direction and management of the Company

Notes to the financial statements *(continued)*

6. Operating profit *(continued)*

	30-Jun 2022 Number	30-Jun 2021 Number
Number of directors to whom retirement benefits are accruing under a defined contribution scheme	1	2
The number of directors who exercised share options	1	-
The number of directors who received share options under long term incentive schemes	1	2

Highest paid director

	30-Jun 2022 £'000	30-Jun 2021 £'000
Amounts included above:		
Aggregate emoluments	397	375
Pension contributions	-	2
	397	377

7. Cash flow from operating activities

Cash generated from operations

	Notes	30-Jun 2022 £'000	30-Jun 2021 £'000
Profit/(loss) before income tax		2,707	(26,825)
Adjustments for:			
- Depreciation of property, plant and equipment	10	1,111	1,687
- Amortisation of intangible assets	11	598	868
- Depreciation of right of use assets	12	2,309	2,617
- Loss on disposal of property, plant and equipment	10	-	209
- Loss on disposal of intangible assets	11	7	307
- Impairment of investment in subsidiaries	13	-	289
- Gain on disposal of right of use assets	12	(755)	(7,234)
- Impairment of right of use assets	12	(206)	216
- Finance income	8	(2,844)	(1,351)
- Finance expense	8	1,046	793
Changes in working capital:			
- (Increase)/decrease in trade and other receivables		(41,928)	18,439
- Increase/(decrease) in trade and other payables and provisions for other liabilities and charges		51,072	(40,805)
Cash generated from/(utilised in) operations		13,117	(50,790)

Notes to the financial statements *(continued)*

8. Finance income and costs

	Notes	30-Jun 2022 £'000	30-Jun 2021 £'000
Finance income			
Bank interest receivable		**48**	63
Interest receivable on amounts owed by group undertakings		**2,796**	1,288
		2,844	1,351
Finance costs			
Interest payable on amounts owed to group undertakings		**294**	8
Interest payable on borrowings		**585**	418
Unwinding of decommissioning provision discount	19	**15**	-
Interest on lease liabilities	12	**152**	367
		1,046	793
Net finance income		**1,798**	558

9. Income tax expense

(a) Income tax expense/(credit)

	30-Jun 2022 £'000	30-Jun 2021 £'000
Current tax:		
Tax on profit/(loss) for the year	**826**	-
Adjustment in respect of previous years	**(20)**	(974)
	806	(974)
Deferred tax:		
Origination and reversal of timing differences	**(292)**	(5,089)
Adjustment in respect of previous years	**(244)**	296
Change in tax rate	**(17)**	225
	(553)	(4,568)
Total tax expense/(credit)	**253**	(5,542)

Notes to the financial statements *(continued)*

9. Income tax expense *(continued)*

(b) Reconciliation of income tax expense

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%).

The differences between the actual tax charge and the standard rate of corporation tax is explained as follows:

	30-Jun 2022 £'000	30-Jun 2021 £'000
Profit/(loss) before income tax	**2,707**	(26,825)
Tax at UK tax rate of 19.0% (2021: 19.0%)	**514**	(5,097)
Tax effect of amounts:		
Expenses not allowable for tax purposes	**20**	8
Adjustments in respect of previous years - deferred tax	**(244)**	296
Adjustments in respect of previous years - current tax	**(20)**	(974)
Change in tax rate	**(17)**	225
Income tax charge/(credit)	**253**	(5,542)

(c) Factors affecting future tax charges

The Chancellor announced in the Budget on 3 March 2021 that the main rate of UK corporation tax for years starting 1 April 2023 will be 25%. This was substantively enacted on 24 May 2021.

Notes to the financial statements *(continued)*

10. Property, plant and equipment

	Notes	Fixtures and fittings £'000	Other property, plant and equipment £'000	Total £'000
At 30 June 2020				
Cost		11,595	6,343	17,938
Accumulated depreciation		(9,063)	(5,005)	(14,068)
Net book amount		2,532	1,338	3,870
Year ended 30 June 2021				
Opening net book amount		2,532	1,338	3,870
Additions		-	46	46
Disposals		(1,642)	(401)	(2,043)
Depreciation write back on disposals		1,453	381	1,834
Depreciation charge	6 (a)	(978)	(709)	(1,687)
Closing net book amount		1,365	655	2,020
At 30 June 2021				
Cost		9,953	5,988	15,941
Accumulated depreciation		(8,588)	(5,333)	(13,921)
Net book amount		1,365	655	2,020
Year ended 30 June 2022				
Opening net book amount		1,365	655	2,020
Additions		44	337	381
Disposals		(14)	(413)	(427)
Depreciation write back on disposals		14	413	427
Depreciation charge	6 (a)	(623)	(488)	(1,111)
Closing net book amount		786	504	1,290
At 30 June 2022				
Cost		9,983	5,912	15,895
Accumulated depreciation		(9,197)	(5,408)	(14,605)
Net book amount		786	504	1,290

The depreciation of property, plant and equipment is included in operating expenses in the statement of comprehensive income.

Notes to the financial statements *(continued)*

11. Intangible assets

	Notes	Goodwill £'000	Computer software £'000	Other intangible assets £'000	Total £'000
At 30 June 2020					
Cost		1,646	5,544	827	8,017
Accumulated amortisation and impairment		(1,237)	(4,043)	(654)	(5,934)
Net book amount		409	1,501	173	2,083
Year ended 30 June 2021					
Opening net book amount		409	1,501	173	2,083
Additions		-	68	85	153
Disposals		-	(689)	(479)	(1,168)
Amortisation writeback on disposals		-	483	378	861
Amortisation charge	6 (a)	-	(825)	(43)	(868)
Impairment charge	6 (a)	-	-	-	0
Closing net book amount		409	538	114	1,061
Year ended 30 June 2021					
Cost		1,646	4,923	433	7,002
Accumulated amortisation and impairment		(1,237)	(4,385)	(319)	(5,941)
Net book amount		409	538	114	1,061
Year ended 30 June 2022					
Opening net book amount		409	538	114	1,061
Additions		-	210	235	445
Disposals		-	(242)	(76)	(318)
Amortisation writeback on disposals		-	242	69	311
Amortisation charge	6 (a)	-	(535)	(63)	(598)
Closing net book amount		409	213	279	901
At 30 June 2022					
Cost		1,646	4,890	592	7,128
Accumulated amortisation and impairment		(1,237)	(4,677)	(313)	(6,227)
Net book amount		409	213	279	901

The amortisation of intangible assets is included in operating expenses in the statement of comprehensive income.

Goodwill

Taking into account a reasonable range of assumptions, the Company has not identified any indicators which would lead to further impairment for other intangible assets.

Notes to the financial statements *(continued)*

12. Leases

	Notes	Right of use assets £'000	Lease liabilities £'000
Property			
At 1 July 2020		16,428	29,633
Disposals		(5,229)	(11,752)
Depreciation expense	6 (a)	(2,617)	-
Impairment expense	6 (a)	(216)	-
Lease modifications		(762)	(1,473)
Interest expense	8	-	367
Lease liability repayment		-	(4,316)
At 30 June 2021		7,604	12,459
Disposals		(26)	(400)
Depreciation expense	6 (a)	(2,309)	-
Impairment reversal	6 (a)	206	-
Lease modifications		(258)	(639)
Interest expense	8	-	152
Lease liability repayment		-	(3,926)
At 30 June 2022		5,217	7,646

Right of use assets	**30-Jun 2022 £'000**	30-Jun 2021 £'000
Cost	**14,582**	16,927
Accumulated depreciation	**(7,188)**	(5,497)
Accumulated impairment	**(2,177)**	(3,826)
Net book amount	**5,217**	7,604

Lease liabilities	**30-Jun 2022 £'000**	30-Jun 2021 £'000
Current	**3,548**	4,334
Non-current	**4,098**	8,125
Total lease liabilities	**7,646**	12,459

The Company surrendered six leases in the current financial year (2021: 53 leases), for which the right of use asset and corresponding lease liability had been impaired in the prior financial year.

Notes to the financial statements *(continued)*

13. Investment in subsidiaries

	Total £'000
At 30 June 2021 and 30 June 2022	
Cost	2

Name of undertaking	Country of incorporation	Effective holding	Proportion of voting rights held	Nature of business
Flight Centre (UK) Wholesale Limited	United Kingdom	100%	100%	Wholesale company

The directors believe that the carrying value of the investments is supported by their underlying net assets.

14. Deferred income tax assets

The balance comprises temporary differences attributable to:

	30-Jun 2022 £'000	30-Jun 2021 £'000
Employee benefits	**1,952**	1,359
Tax losses carried forward	**4,762**	5,150
Decelerated capital allowances	**1,795**	1,447
	8,509	7,956

The utilisation of deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of the deferred tax asset is evidenced by forecasts of taxable income.

Notes to the financial statements *(continued)*

14. Deferred income tax assets *(continued)*

Movements:

	Notes	**Employee entitlements £'000**	**Tax losses carried forward £'000**	**Decelerated capital allowances £'000**	**Total £'000**
At 30 June 2020		1,126	-	2,252	3,378
Credited/(charged) to the statement of comprehensive income	9 (a)	233	5,150	(805)	4,578
At 30 June 2021		1,359	5,150	1,447	7,956
Credited/(charged) to the statement of comprehensive income	9 (a)	593	(388)	348	553
At 30 June 2022		**1,952**	**4,762**	**1,795**	**8,509**

There are no unrecognised deferred tax assets (2021: £nil).

Notes to the financial statements *(continued)*

15. Trade and other receivables

	30-Jun 2022 £'000	30-Jun 2021 £'000
Current		
Trade receivables	**62,628**	13,606
Less: Provision for impairment of receivables	**(1,379)**	(1,799)
Trade receivables - net	**61,249**	11,807
Other receivables		
Loan to parent company	**-**	100,000
Amounts owed by group undertakings	**504**	205
Deposits refundable	**406**	56
Value added tax receivable	**2,319**	-
Prepayments and accrued income	**1,727**	2,624
	4,956	102,885
Total current	**66,205**	114,692
Non-current		
Amounts owed by group undertakings	**62,229**	69,403
Prepayments and accrued income	**587**	668
Total non-current	**62,816**	70,071
Total trade and other receivables	**129,021**	184,763

The loan to the parent company bore interest at 0.66% and was repaid in February 2022.

Non-current amounts owed by group undertakings are unsecured and bear interest at rates ranging from 3.04% to 3.87% (2021: 1.13% to 3.04%).

Other assets are unsecured, interest free and are due within their payment terms.

(a) Impaired receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and supplier incentives receivables are grouped based on similar credit risk.

The expected loss rates are based on the Company's historical credit losses experienced, adjusted for current and forward looking information affecting the Company's customers.

Notes to the financial statements *(continued)*

15. Trade and other receivables *(continued)*

In addition to the standard credit risk assessment, the Company has performed additional analysis and increased provision based on assumptions around the deterioration in ageing, known or expected financial difficulty of customers, individual customer credit risk assessment with reference to external rating agencies and industry. The judgements and assumptions used to estimate the allowance for expected credit losses on receivables may change in future periods as the pandemic continues to unfold and impact the business prospects and financial condition of customers and the Company's ability to collect the receivables.

As at 30 June 2022 the lifetime expected loss provision for trade receivables was as follows:

Brand	**Average expected loss rate**	**Gross carrying amount £'000**	**Loss provision £'000**
Corporate	1.5%	54,052	808
Retail	10.9%	5,051	553
Supplier incentives	0.6%	2,562	16
Other	0.2%	963	2
		62,628	1,379

As at 30 June 2021 the lifetime expected loss provision for trade receivables was as follows:

Brand	**Average expected loss rate**	**Gross carrying amount £'000**	**Loss provision £'000**
Corporate	6.6%	10,567	698
Retail	41.4%	2,244	929
Supplier incentives	73.8%	233	172
Other	0.0%	562	-
		13,606	1,799

Notes to the financial statements *(continued)*

15. Trade and other receivables *(continued)*

Movements in the provision for impairment of receivables were as follows:

	30-Jun 2022 £'000	30-Jun 2021 £'000
Carrying amount at start of year	**1,799**	2,487
Provision charged/(released) during the year	**(299)**	(275)
Amounts utilised in the year	**(121)**	(413)
	1,379	1,799

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

16. Cash and cash equivalents

	30-Jun 2022 £'000	30-Jun 2021 £'000
Cash at bank and in hand	**2,218**	13,682
Client bank balances	**23,069**	4,188
	25,287	17,870

Notes to the financial statements *(continued)*

17. Trade and other payables

	30-Jun 2022 £'000	30-Jun 2021 £'000
Current		
Trade creditors	**56,794**	18,010
Amounts owed to group undertakings	**19,039**	2,389
Value added tax payable	**-**	2,320
Other taxation and social security	**2,043**	1,010
Deferred income	**329**	212
Other payables	**10,094**	13,028
Total current	**88,299**	36,969
Non-current		
Deferred income	1,359	1,522
Other payables	608	608
Total non-current	**1,967**	2,130
Total trade and other payables	**90,266**	39,099

As at 30 June 2022 all current trade and other payables are unsecured, interest free and are expected to be settled within 12 months.

Notes to the financial statements *(continued)*

18. Borrowings

	30-Jun 2022 £'000	30-Jun 2021 £'000
Current		
Corporate Financing Facility	-	114,462
Bank overdraft	8,600	-
Amounts owed to group undertakings	5,351	-
	13,951	114,462

On 30 June 2020, the Company secured £65,000,000 under the Bank of England COVID-19 Corporate Financing Facility. The initial notes were issued under the facility on 3 July 2020 which matured in March 2021 and were repaid. On 16 March 2021 the initial notes were refinanced and issued with an additional amount of £50,000,000 issued on 19 March 2021. These loans bore interest at 0.66% and the total balance of £115,000,000 matured in March 2022 and were repaid.

The Company has a £15,000,000 overdraft facility until 30 September 2022. The utilised overdraft bears interest at 2.95% above the Bank of England interest rate. On 17 October 2022, this facility was increased to £25,000,000 and extended to 28 February 2023.

Amounts owed to group undertakings include the following inter-company loans:
Flight Centre Travel Group (European Holdings) Limited: Short term loans were received bearing interest at 2.95% above the LIBOR rate with repayments required within 6 months. The loans were repaid by 30 June 2022 with only the interest element outstanding.

Flight Centre Travel Group (European Finance) Limited: EUR 8,000,000 loan bearing interest at 2.95% above the LIBOR rate under a ten year term loan facility agreement. The loan was repaid on 27 June 2022, and reissued for EUR 4,700,000 under the same terms, repayable on 27 September 2022. The loan is unsecured.

Flight Centre Robin Limited: £1,200,000 loan bearing interest at 2.95% above the SONIA rate under a ten year term loan facility agreement. The loan is unsecured.

19. Provisions for other liabilities and charges

	30-Jun 2022 £'000	30-Jun 2021 £'000
Current		
Decommissioning provision	549	-
Non-current		
Decommissioning provision	331	756

The movements in the provisions during the financial year are set out below:

	Restructuring provision 30-Jun 2022 £'000	30-Jun 2021 £'000
Current		
Carrying amount at start of year	-	5,788
Amounts used during the year	-	(5,788)
Carrying amount at end of year	-	-

Notes to the financial statements *(continued)*

19. Provisions for other liabilities and charges *(continued)*

	Decommissioning provision	
	30-Jun 2022 £'000	30-Jun 2021 £'000
Current and non-current		
Carrying amount at start of year	**756**	1,051
Additional provisions recognised	**235**	84
Amounts used during the year	**(126)**	(393)
Unwinding of decommissioning provision discount	**15**	14
Carrying amount at end of year	**880**	756

The decommissioning provision is made at the start of the lease for costs associated with bringing all shops and buildings that the Company leases back to their original state when a site is vacated. A provision is calculated for each property based on the type of shop and building.

The decommissioning provisions are expected to be utilised at the end of the respective leases up to 2029.

20. Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £1,641,000 (2021: £1,269,000). At 30 June 2022, £364,000 (2021: £233,000) was payable and is included within trade and other payables.

21. Share capital

(a) Share capital

	30-Jun 2022 £'000	30-Jun 2021 £'000
4,603,982 (2021: 4,603,982) ordinary shares of £1 each	**4,604**	4,604

(b) Ordinary shares

All ordinary shares rank equally with one vote attached to each fully paid ordinary share. No restrictions to distributions to Company shareholders.

Notes to the financial statements *(continued)*

22. Commitments and contingencies

(a) Commitments
As at 30 June 2022 the Company had no capital commitments (2021: £nil).

(b) Guarantees
The Company had provided the following guarantees at 30 June 2022:

A guarantee for the use of Airplus purchasing card for Flight Centre Travel Group (Europe) AB, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, EUR 400,000 (2021: EUR 400,000).

A guarantee for the use of Airplus purchasing card for Flight Centre Travel Group (Germany) GmbH, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, EUR 400,000 (2021: EUR 400,000).

A guarantee to enable sales of rail tickets in Sweden for Flight Centre Travel Group (Europe) AB, a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia, SEK 2,900,000 (2021: SEK 2,900,000).

(c) Contingent liabilities
As at 30 June 2022 the Company had no significant contingent liabilities (2021: £nil).

23. Financial risk management

The Company's activities expose it to a variety of financial risks: liquidity risk, credit risk, market risk, transactional risk, supplier insolvency risk and capital risk. The Company has limited exposure to price risk given that, regardless of whether it transacts as a principal or agent, it is seen by the consumer as an on seller of its suppliers' land or air products and as such, as with the rest of the industry, is able to pass on to its customers any price fluctuations.

The Company, together with the support of the Group and central treasury department, continues to ensure it retains a robust balance sheet and liquidity position to manage through the recovery phase following COVID-19. The Company has in place a risk management team, which reports to the chief financial officer, and seeks to limit the adverse effects of these financial risks on the financial performance of the Company. The Company's approach to these risks is discussed below.

The Company holds the following financial instruments:

	30-Jun 2022 £'000	30-Jun 2021 £'000
Financial assets		
At amortised cost		
Trade and other receivables	**62,083**	11,902
Loan to parent entity	**-**	100,000
Amounts owed by group undertakings	**62,733**	69,608
Cash and cash equivalents	**25,287**	17,870
	150,103	199,380

The fair value of loans and receivables represents the net amount expected to be received after provisions for impairments have been made.

Notes to the financial statements *(continued)*

23. Financial risk management *(continued)*

	30-Jun 2022 £'000	30-Jun 2021 £'000
Financial liabilities		
At amortised cost		
Trade and other payables	**67,497**	31,646
Amounts owed to group undertakings	**24,390**	2,389
Bank overdraft	**8,600**	114,462
Lease liabilities	**7,646**	12,459
Provisions for other liabilities and charges	**880**	756
	109,013	161,712

The carrying value approximates to the fair value of the financial instruments.

The fair value of trade and other payables represents expected cash outflows to third party suppliers.

(a) Market risk

(i) Foreign exchange risk
The Company faces limited exposure to foreign exchange fluctuations as the majority of transactions are recorded in Sterling. Where there is a foreign exchange fluctuation this is absorbed in the business' operating results.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30-Jun 2022 USD	**EUR**	30-Jun 2021 USD	EUR
Financial assets				
Trade and other receivables	-	251	-	-
Cash and cash equivalents	-	1,333	-	-
	-	**1,584**	-	-
Financial liabilities				
Trade and other payables	675	4,770	675	-
	675	**4,770**	675	-

As at 30 June 2022 all financial liabilities are expected to be settled within 12 months.

(ii) *Cash flow and fair value interest rate risk*
The Company has limited exposure to interest rate risk. The Company's borrowings related mainly to the Bank of England loan, which was repaid in the year, and the bank overdraft, which bears interest at 2.95% above the Bank of England rate. This is partially offset by the interest the Company receives on its amounts owed by group undertakings at 1.7% above the LIBOR rate. The Company, together with the support of the Group and central treasury department, closely manage cash flow and interest rate exposure with a view for the Group as a whole.

Notes to the financial statements *(continued)*

23. Financial risk management *(continued)*

(b) Credit risk

To mitigate customer credit risk, the Company employs policies that require credit checks on potential customers before sales are made. On an ongoing basis, debtors are rigorously monitored for adherence to terms. To mitigate credit risk in relation to cash and deposits with financial institutions, the Company only places deposits with major UK high street banks.

The Company's trade receivables at the reporting date are disclosed in note 15.

(c) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. This risk is managed through effective credit control procedures (including managing credit risk) and detailed financial reviews regarding the acceptance of any proposed significant financial obligations to ensure that the Company can continue to meet its liabilities as they fall due.

The Group applies a conservative approach towards liquidity and closely manages and monitors liquidity through rolling 18-month operating cashflow forecasts and comparing actual cashflows to forecast. Detailed weekly cashflow forecasts are prepared and reviewed by Group treasury.

The Company's trade and other payables at the reporting date are disclosed in note 17.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities by their contractual maturity date at the reporting period's end. The amounts disclosed in the table are the contractual undiscounted cash flows.

Year ended 30 June 2022	On demand	Within one year	1 to 2 years	2 to 5 years	Greater than 5 years	Total contractual cash flows	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade creditors	-	56,794	-	-	-	56,794	56,794
Amounts owed to group undertakings	19,039	-	-	-	-	19,039	19,039
Other payables	-	10,095	608	-	-	10,703	10,703
Borrowings	-	13,951	-	-	-	13,951	13,951
Lease liabilities	-	3,843	2,046	2,911	338	9,138	7,646
Provisions for other liabilities and charges	-	559	115	196	40	910	880
	19,039	**85,242**	**2,769**	**3,107**	**378**	**110,535**	**109,013**

Notes to the financial statements *(continued)*

23. Financial risk management *(continued)*

Year ended 30 June 2021	On demand £'000	Within one year £'000	1 to 2 years £'000	2 to 5 years £'000	Greater than 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Trade creditors	-	18,010	-	-	-	18,010	18,010
Amounts owed to group undertakings	2,389	-	-	-	-	2,389	2,389
Other payables	-	13,028	608	-	-	13,636	13,636
Borrowings	-	115,000	-	-	-	115,000	114,462
Lease liabilities	-	3,771	3,354	4,926	747	12,798	12,459
Provisions for other liabilities and charges	-	96	302	316	90	804	756
	2,389	**149,905**	**4,264**	**5,242**	**837**	**162,637**	**161,712**

(d) Transactional risk

Due to the nature of a retail business the Company is exposed to a risk of fraud on customer transactions. To mitigate this risk the Company has in place credit card and banking policies which form part of the Company's minimum standards. Ensuring adherence to these standards forms part of the monthly internal audit process.

(e) Supplier insolvency risk

If a supplier were to be declared bankrupt or insolvent, the Company would have financial exposure. Any risk is mitigated by diversification of suppliers, use of national scheduled carriers and, where possible, transacting with those of the Company's preferred suppliers who are ABTA (Association of British Travel Agents)/ ATOL (Air Travel Organisers' Licensing) / IATA (International Air Transport Association) members.

(f) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Notes to the financial statements *(continued)*

24. Share based payments

The Company recognises a share based payment expense based on an allocation from its parent company of the fair value of the awards granted. The share based payment awards in the year are described below.

Long Term Retention Plan (LTRP)

General terms

Invited participants are granted base rights, for no consideration, in annual tranches over a 12 year period with vesting conditions based upon continued service. At the time base rights are granted, participants are granted a corresponding number of matched rights for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary Flight Centre Travel Group Limited share. The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the parent company's issued capital *(currently less than 2.1%).*

Vesting requirements

Base rights granted to participants for each tranche will vest on the base rights vesting dates, subject to the service condition being satisfied (participants remain employed by the Company at the vesting date). Matched rights granted to participants for each tranche will vest on the matched rights vesting dates, subject to the service condition being satisfied (participants remain employed by the Company at the vesting date) and the base rights (or shares) in respect of the respective grant continue to be held.

Method of settlement

The base rights and matched rights may be newly issued by the parent company, purchased on-market or allocated from treasury shares.

Valuation

The fair value of base and matched rights under the plan is estimated at the date of grant using a fixed Australian dollar amount of rights granted for each participant and the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate for the rights' term.

Grant number	Grant 4	Grant 5	Grant 6	Grant 7
Grant date	1 July 2018	1 July 2019	1 July 2020	1 July 2021
Year vested and exercisable *	August 2021	August 2022	August 2023	August 2024
Expiry date	1 July 2030	1 July 2030	1 July 2030	1 July 2030
Value per right at grant date (in AUD $)	54.26	42.06	11.30	17.27

* The vesting date is the day FCTG releases full year financial results to the ASX in the year of vesting.

Notes to the financial statements *(continued)*

24. Share based payments *(continued)*

2022	Opening balance Number	Granted Number	Vested Number	Exercised Number	Closing balance Number
Unvested Base	68,524	60,519	(8,559)	-	120,484
Unvested Match	68,524	60,519	(8,559)	-	120,484
Vested Base	-	-	8,559	(4,927)	3,632
Vested Match	-	-	8,559	(4,907)	3,652
	137,048	**121,038**	**-**	**(9,834)**	**248,252**

2021	Opening balance Number	Granted Number	Vested Number	Exercised Number	Closing balance Number
Unvested Base	19,868	48,656	-	-	68,524
Unvested Match	19,868	48,656	-	-	68,524
Vested Base	-	-	-	-	-
Vested Match	-	-	-	-	-
	39,736	**97,312**	**-**	**-**	**137,048**

The weighted average contractual remaining life (until expiry date) is 8 years.

Post-COVID-19 Retention Plan (PCRP)

General terms

Invited participants are granted one-off base rights, for no consideration, with vesting conditions based upon continued service. When these base rights are granted, participants are also granted a corresponding number of one-off matched rights in two separate tranches for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary Flight Centre Travel Group Limited share. The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the parent company's issued capital (currently less than 2%).

Vesting requirements

Base rights granted to participants will vest on the base rights' vesting date, subject to the service condition being satisfied (participants remain employed by the Company at the vesting date). Matched rights granted to participants for each tranche will vest on the matched rights' vesting dates, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and for Tranche 1 matched rights that the base rights (or shares) in respect of the respective grant continue to be held, and for Tranche 2 matched rights' that the Tranche 1 matched rights (or shares) continue to be held.

Method of settlement

The base rights and matched rights may be issued by the parent company, purchased on-market or allocated from treasury shares.

Notes to the financial statements *(continued)*

24. Share based payments *(continued)*

Valuation

The fair value of base and matched rights under the plan is estimated at the date of grant using the Black-Scholes option pricing model. The fair value is allocated equally over the period from grant date to vesting date.

Grant number	Grant 1
Grant date	29 June 2020

	Base rights	Matching rights - tranche 1	Matching rights - tranche 2
Year vested and exercisable *	August 2022	August 2023	August 2024
Expiry date	1 July 2031	1 July 2031	1 July 2031
Value per right at grant date (in AUD $)	9.65	9.25	8.83

* The vesting date is the day FCTG releases full year financial results to the ASX in the year of vesting.

2022	Opening balance Number	Granted Number	Vested Number	Closing balance Number
Unvested Base	152,352	-	-	152,352
Unvested Match 1	76,177	-	-	76,177
Unvested Match 2	76,177	-	-	76177
	304,706	**-**	**-**	**304,706**

2021	Opening balance Number	Granted Number	Vested Number	Closing balance Number
Unvested Base	-	152,352	-	152,352
Unvested Match 1	-	76,177	-	76,177
Unvested Match 2	-	76,177	-	76177
	-	**304,706**	**-**	**304,706**

The weighted average contractual remaining life (until expiry date) is 9 years.

Global Recovery Rights (GRR)

The GRR has identical objectives to the PCRP but is a broader program targeted at the Flight Centre Travel Group Limited's global workforce.

General terms

Invited participants (all employees globally excluding board members and senior executives) are granted one-off rights, for no consideration. Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary Flight Centre Travel Group Limited share. The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the parent company's issued capital (currently less than 2.1%).

Notes to the financial statements *(continued)*

24. Share based payments *(continued)*

Vesting requirements

Rights granted to participants will vest on the rights' vesting date, subject to the service condition being satisfied (participants remain employed by the Company at the vesting date).

Method of settlement

The rights may be issued by the parent company, purchased on-market or allocated from treasury shares.

Valuation

The fair value of rights under the plan is estimated at the date of grant using the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected divided yield and risk-free rate over the rights' term. The fair value is allocated equally over the period from grant date to vesting date.

Grant number	Grant 1
Grant date	25 June 2021
Year vested and exercisable *	February 2023
Expiry date	February 2028
Value per right at grant date (in AUD $)	15.06

* The vesting date is the day FCTG releases half year financial results to the ASX in the year of vesting.

	30-Jun 2022 Unvested Number	30-Jun 2021 Unvested Number
Balance at start of year	**-**	-
Granted during the year	**200,768**	-
Forfeited during the year	**(3,000)**	-
Balance at the end of the year	**197,768**	-

The weighted average contractual remaining life (until expiry date) is 6 years.

A second offering (Grant 2) of the GRR was granted on 15 June 2022, however this grant was still in the acceptance process at the year end with offers allocated only in November 2022.

Notes to the financial statements *(continued)*

24. Share based payments *(continued)*

Employee Share Plan (ESP)

General terms

Eligible employees are granted a conditional right to one matched share for every two shares purchased (for cash consideration), subject to vesting conditions. Employees are eligible to participate if they have been employed full time or permanent part-time for at least three months.

Vesting requirements

A participant must hold the acquired shares for a period of two years and one month and still be employed with the Company at the end of that time. If acquired shares are sold before the end of the vesting period, conditional rights to the matched shares are forfeited.

Method of settlement

A participant who satisfies the vesting conditions will become entitled to the matched shares on the last day of the vesting period. The matched shares may be newly issued by the parent company, purchased on-market or allocated from treasury shares.

Valuation

The market value of shares issued under the plan, measured as the weighted average price at which the parent company's shares are traded on the ASX during the five days following the date on which the contributions are paid, is recognised in FCTG balance sheet as an issue of shares in the period the shares are acquired by the employee.

The fair value of matched shares allocated (but not issued) under the plan is estimated at the date of grant using the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected divided yield and risk-free rate over the rights' term and is recognised in FCTG balance sheet as part of reserves over the period that the matched share vests with a corresponding expense recognised in the employee benefits costs.

	30-Jun 2022	30-Jun 2021
	Number of matched shares	Number of matched shares
Issued under the plan to participating employees	**17,918**	6,767

Notes to the financial statements *(continued)*

25. Related party transactions

Flight Centre (UK) Limited is a wholly owned subsidiary of Flight Centre Travel Group Limited (ultimate parent) in Australia. All members of the Flight Centre Travel Group are considered to be related parties of Flight Centre (UK) Limited.

Assets as per the statement of financial position:

		30-Jun 2022	30-Jun 2021
Related party	**Nature of transactions**	**£'000**	£'000
Flight Centre Travel Group Limited (Australia)	Opening balance	**169,403**	66,908
Ultimate parent in Australia	Loan to parent company	**(100,000)**	100,000
	Operational transactions	**(7,174)**	2,495
	Outstanding balance	**62,229**	169,403
Flight Centre Moneywise Limited	Opening balance	**-**	24
Subsidiary	Operational transactions	**-**	(24)
	Outstanding balance	**-**	-
Fellow subsidiaries of the ultimate parent undertaking	Opening balance	**205**	1,314
	Operational transactions	**299**	(1,109)
	Outstanding balance	**504**	205
Total owed by group undertakings	**Outstanding balance**	**62,733**	169,608

Notes to the financial statements *(continued)*

25. Related party transactions *(continued)*

Liabilities as per the statement of financial position:

		30-Jun 2022 £'000	30-Jun 2021 £'000
Related party	**Nature of transactions**		
Flight Centre Travel Group Limited (Australia)	Opening balance	**(1,108)**	-
Ultimate parent in Australia	Operational transactions	**(341)**	(1,108)
	Outstanding balance	**(1,449)**	(1,108)
Flight Centre (UK) Wholesale Limited	Opening balance	**(1,236)**	(21,901)
Subsidiary	Operational transactions	**(15,818)**	20,665
	Outstanding balance	**(17,054)**	(1,236)
The Gapyear Company Limited	Opening balance	**-**	(2)
Subsidiary	Operational transactions	**-**	2
	Outstanding balance	**-**	-
Flight Centre Travel Group (European Finance) Limited	Opening balance	**-**	-
Fellow subsidiary of the ultimate parent undertaking	Loan received	**(6,739)**	-
	Loan repaid	**2,736**	
	Interest incurred	**(59)**	
	Foreign exchange loss	**(47)**	-
	Outstanding balance	**(4,109)**	-
Flight Centre Travel Group (European Holdings) Limited	Opening balance	**-**	-
Fellow subsidiary of the ultimate parent undertaking	Loan received	**(3,539)**	-
	Interest incurred	**(12)**	
	Loan repaid	**3,539**	-
	Outstanding balance	**(12)**	-
Flight Centre Robin Limited	Opening balance	**-**	-
Fellow subsidiary of the ultimate parent undertaking	Loan received	**(1,220)**	-
	Interest incurred	**(10)**	-
	Outstanding balance	**(1,230)**	-
Fellow subsidiaries of the ultimate parent undertaking	Opening balance	**(45)**	-
	Operational transactions	**(491)**	(45)
	Outstanding balance	**(536)**	(45)
Total owed to group undertakings	**Outstanding balance**	**(24,390)**	(2,389)

Notes to the financial statements *(continued)*

25. Related party transactions *(continued)*

Key management and personnel compensation
Please refer to note 6 for the details of key management and personnel compensation.

26. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Flight Centre Travel Group Limited, a company incorporated in Brisbane, Australia. Flight Centre Travel Group Limited has included the Company in its consolidated financial statements. Copies of Flight Centre Travel Group Limited consolidated financial statements can be obtained from the Australian Stock Exchange website at http://www.asx.com.au or company secretary at Southpoint, 275 Grey Street, South Brisbane, Queensland, Australia, 4101.

Flight Centre Travel Group Limited is the smallest and largest undertaking to consolidate these financial statements.