-Registered No. 04449144

AIRPLUS INTERNATIONAL LIMITED

Annual report and financial statements

for the year ended 31 December 2020

AIRPLUS INTERNATIONAL LIMITED

Annual report and financial statements for the year ended 31 December 2020

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Director and advisers

Director

Paul Grant Spelman

Secretary and registered office

Oakwood Corporate Secretary Limited

Building 4
566 Chiswick High Road
Chiswick Park
London, W4 5YE

Solicitors

DWF
1 Scott Place
2 Hardman Street
Manchester
Lancashire
UK
M3 3AA

Independent auditors

Ernst & Young LLP
Canary Wharf
25 Churchill Place
London, E14 5EY
United Kingdom

Bankers

Deutsche Bank AG
6 Bishopsgate
London
EC2N 4DA
Great Britain

Deutsche Bank AG
Roßmarkt 11
60311 Frankfurt am Main
Germany

Strategic report for the year ended 31 December 2020

The director presents the Strategic report of Airplus International Ltd ("the company") for the year ended 31 December 2020. Prior year figures have been restated to release a general provision which is not permitted under FRS 102. Refer to Note 1 (o) for further details.

Review of business

The results for the year are set out in the income statement on page 10 The result for the company shows a profit before income tax of £0.4 million for the year (restated 2019 £9.7 million).

Due to the global impact of the Coronavirus (Covid-19) pandemic, the company and wider group has been impacted. COVID 19 is evident in the UK and is having a negative impact on our business as travel is being restricted by corporate clients. The level of business was not satisfactory in 2020 and the full impact of COVID 19 is still difficult to forecast. All products saw significant and sustained levels of decrease in 2020. We expect with an easing of the global pandemic that the business of the company will continue to develop positively in all aspects and further growth will be expected. We expect that previously established partnerships will continue to thrive.

Key Performance Indicators

The company's director monitors the performance of the business, with revenue being the company's key performance indicator. The company achieved revenue of £6.6 million in 2020 (2019 £18.6 million).

Principal risks and uncertainties

Commercial risk

The primary commercial risk results from a highly competitive market and potential losses of key customers to competitors. The company actively monitors client performance and maintains its client relationships, provides customer services and reacts to customer demands to mitigate the loss risk.

The director's consideration of the appropriateness of the going concern basis in preparing the financial statements is set out in note 1 to the financial statements. The directors have not identified any material uncertainty relating to going concern since sufficient funding is available and shows robust against stress testing.

COVID 19 is still evident in the UK and is still having a negative impact on our business. The full impact of this is difficult to forecast.

The UK left the EU on 31 January 2020 and the Brexit transition period ended on 31 December 2020 with a Trade and Cooperation Agreement (TCA) between EU and the UK. With the UK/EU TCA agreed in December 2020 and due to the complexity of its interaction with the UK continuity Free Trade Agreements, the full impact on the demand of business travel payment, settlement and analysis services as well as taxes will only be fully quantifiable later. The direct tax implications are expected to be relatively minor but the indirect tax implications may be more significant.

The potential impact of the Russia/Ukraine conflict leads to more uncertainty in the revenue forecast but does not question the going concern assumption. The company has no subsidiaries and no clients in the conflict area. The share of business transactions in and out from the conflict area is below 2m GBP volume for 2019 (pre-COVID-19), and thus not significant to our current planning.

Results

The company's profit for the financial year of £0.3 million (restated 2019 £8.2 million) will be transferred to reserves.

This report was approved by the board on 31 March 2022 and signed on its behalf by:

Paul Grant Spelman
Director
31 March 2022

Director's report for the year ended 31 December 2020

The director presents the annual report and the audited financial statements of the company for the year ended 31 December 2020.

The director's consideration of the appropriateness of the going concern basis in preparing the financial statements is set out in note 1 to the financial statements.

Principal activities

The principal activity of the company is the provision of business travel payment, settlement and analysis services.

Dividends

No dividends were paid in financial year 2020 (2019: £19.5 million).

Director

The director of the company for the year ended 31 December 2020 and up to the date of signing these financial statements is as follows:

Paul Grant Spelman

Future Developments

In medium term the company expects a negative impact on the business because of COVID 19. In long term the company expects the global economy to recover, which will also affect the business positively.

Financial risk management

The company's financial risk strategy is determined on a group wide basis by the company's ultimate parent company. The company's operations expose it to a variety of financial risks that primarily include the effects of credit, interest rate and foreign exchange risk. The company does not use derivative financial instruments and as such no hedge accounting is applied. Price risk, liquidity risk and cash flow risk are not significant to the company and have therefore not been separately discussed.

Credit risk
The company's credit risk is primarily attributable to its trade debtors. The company establishes credit limits with each customer which are approved by management and the client. The company's exposure is monitored on a daily basis using automated credit blocks. The company transfers its funds to a group affiliate at the end of each business day, creating an intercompany loan repayable on demand.

Interest rate risk
There is no interest rate risk, because during the course of the year the company had interest-bearing assets and liabilities which comprise intercompany balances, all of which earned interest at a fixed rate.

Foreign exchange risk
The immediate parent company is based in Germany and uses the Euro as a functional and transactional currency, exposing the company to exchange risk. The immediate parent company uses currency risk management policies to reduce the impact in the company. .

Director's report for the year ended 31 December 2020 (continued)

Statement of disclosure of information to Auditors

The director at the date of approval of this report confirms that:
(1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
(2) the director has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

In the 2020 financial year, the financial statement was audited for the first time by Ernst & Young LLP. At the Annual General Meeting, a resolution was passed on the appointment of the new auditors.

Going Concern

The director's consideration of the appropriateness of the going concern basis in preparing the financial statements is set out in note 1 to the financial statements.

This report was approved by the board on 31 March 2022 and signed on its behalf by:

Paul Grant Spelman
Director
31 March 2022

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director is 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.

Paul Grant Spelman
Director
31 March 2022

Independent auditor's report to the members of Airplus International Limited

Opinion

We have audited the financial statements of Airplus International Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 March 2023, which is twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director 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 director is responsible for the other information contained within the annual report.

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.

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 course of 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 themselves. 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's 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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director
As explained more fully in the director's responsibilities statement set out on page 6, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations included permissions and supervisory requirements of the Financial Conduct Authority ('FCA').

- We understood how the company is complying with those frameworks by making enquiries of management, those charged with governance, Internal Audit and Legal & Compliance. We corroborated our enquiries through our review of minutes of the meetings of the director and management, review of the report issued by Internal Audit, and through our review of correspondence between the company and UK regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override and by assuming revenue to be a fraud risk. We considered the entity level controls and governance oversight structure that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our audit procedures included testing manual journals based on specific risk criteria and testing a sample of revenue transactions back to source documentation and third-party evidences. Furthermore, as the company's revenue includes services provided to related parties, we involved a transfer pricing specialist to assess whether the transactions are consistent with the arm's length principle.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations Our procedures involved: making enquiry of those charged with governance and management for their awareness of any non-compliance of laws or regulations; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by employees and enquiring about the company's methods of enforcing and monitoring compliance with such policies.
- The company's business activities are regulated by the FCA. As such the Senior statutory auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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.

Ernst & Young LLP

Janet Leslie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
31 March 2022

Income statement for the year ended 31 December 2020

	Note	2020	2019 (Restated)
		£	£
Revenue	2	**6,639,505**	18,633,083
Other operating income	2	**266,201**	-
Administrative expenses		**(6,481,036)**	(10,136,230)
Operating profit	5	**424,670**	8,496,853
Non operating income	8	**-**	1,664,922
Finance income	6	**250,106**	363,333
Finance costs	7	**(261,365)**	(792,384)
Profit before income tax		**413,411**	9,732,724
Income tax expense	8	**(79,342)**	(1,558,863)
Profit for the financial year		**334,069**	8,173,861

The notes on pages 13 to 27 are an integral part of these financial statements.

All amounts relate to continuing operations.

The Company had no other comprehensive income/expense in the financial year. Therefore, no statement of other comprehensive income has been prepared.

Statement of financial position as at 31 December 2020

	Note	2020	2019 (Restated)
		£	£
Fixed assets			
Property, plant and equipment	9	**1,703**	3,330
Total non-current assets		**1,703**	3,330
Current assets			
Trade and other receivables	10	**17,638,674**	58,051,319
Cash at book and in hand		**1,248,335**	3,181,765
Total current assets		**18,887,009**	61,233,084
Creditors: amounts falling due within one year	12	**(8,807,755)**	(21,489,526)
Net current assets		**10,079,254**	39,743,558
Total assets less current liabilities		**10,080,957**	39,746,888
Creditors: amounts falling due after more than one year	12	**-**	(30,000,000)
Net assets		**10,080,957**	9,746,888
Equity			
Called up share capital	13	**600,000**	600,000
Retained earnings		**9,480,957**	9,146,888
Total equity		**10,080,957**	9,746,888

The notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the director on 31 March 2022 and were signed on behalf of the board by:

Paul Grant Spelman
Director

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Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2019 (as previously reported)	**600,000**	**20,363,504**	**20,963,504**
Impact of period year error - Note 1 (o)	-	109,523	109,523
Balance as at 1 January 2019 (restated)	**600,000**	**20,473,027**	**21,073,027**
Profit for the financial year (restated)	-	8,173,861	8,173,861
Distribution of dividends	-	(19,500,000)	(19,500,000)
Balance as at 31 December 2019 (restated)	**600,000**	**9,146,888**	**9,746,888**
Profit for the financial year		334,069	334,069
Distribution of dividends	-	-	-
Balance as at 31 December 2020	**600,000**	**9,480,957**	**10,080,957**

Retained earnings represent accumulated comprehensive income for the year and prior years.

The notes on pages 13 to 27 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2020

General Information

AirPlus International Limited ("the company") is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Building 4, 566 Chiswick High Road, Chiswick Park, London, W4 5YE, England, United Kingdom. The registered number of the company is 04449144.

The principal activity of the company is the provision of business travel payment, settlement and analysis services.

Statement of compliance

The individual financial statements of AirPlus International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1. Summary of significant accounting policies

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

a) Basis of Accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 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 policy "Critical accounting judgements and Key sources of estimation uncertainly" included within this note.

b) Going Concern

The director and management have considered the financial position of Airplus International Limited (the "company") at 31 December 2020 and the projected cash flows and financial performance of the underlying business for the 12 months from the date of the approval of these financial statements. Cash resources available match the company's planning and further funding through intercompany loans are ensured by contracts with the immediate parent company, Lufthansa AirPlus Servicekarten GmbH ("LASG").

The potential impact of the Russia/Ukraine conflict leads to more uncertainty in the revenue forecast but does not question the going concern assumption. The company has no subsidiaries and no clients in the conflict area. The share of business transactions in and out from the conflict area is below 2m GBP volume for 2019 (pre-COVID-19), and thus not significant to our current planning.

Therefore, management considers that the company has adequate resources to continue in operational existence for the foreseeable future and, for this reason, have adopted the going concern basis in preparing the accompanying financial information. The financial statements do not include any adjustments that may be required should the company not be a going concern.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

c) Reduced disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Deutsche Lufthansa AG which are publicly available.

ci) Exemptions for qualifying entities under FRS 102 (continued)

As a qualifying entity, the company has taken advantage of the following exemptions:

i) the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
ii) the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
iii) the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
iv) the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

d) Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

e) Revenue

Revenue is largely earned through service agreements with the immediate parent undertaking, Lufthansa AirPlus Servicekarten GmbH (LASG). AirPlus International Limited generates revenue in the form of an intercompany interchange fee, which reflects a percentage of transactions made using cards of business customers residing in the UK. The services offered in exchange for this fee are card administrative services such as payment collection and invoicing. Additional revenue comes from company cards issued by AirPlus International Limited itself. Revenue is recognised when the related services have been delivered. Accounts receivable represent the full outstanding customer balances on these credit cards and are recognised at the point of the customer transaction.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

f) Employee Benefit

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(iii) Defined contribution pension plans

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 charge disclosed in note 4 represents contributions payable by the company to the fund.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

h) Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	33%
Fixtures and fittings	17-33%

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating (losses) /gains'.

i) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

j) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

j) Impairment of non-financial assets (continued)

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

k) *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within trade payables in current liabilities.

l) Financial Instruments

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

l) Financial Instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company does not hold or issue derivatives financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

m) Related party transactions

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Deutsche Lufthansa AG, whose financial statements are publicly available. Hence, it does not disclose transactions with members of the same group that are wholly owned. The company discloses transactions with related parties which are not wholly owned with the same group.

n) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 addressed below.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Summary of significant accounting policies (continued)

n) Critical accounting judgements and key sources of estimation uncertainty (continued)

(i) Impairment of debtors

The company makes an estimate of the recoverable values of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

o) Correction of prior period error

The company previously recorded a general provision as part of the impairment recognised on trade receivables. Since general provisions are not permitted under FRS 102, this has given rise to a prior period error.
The impact of the adjustment is to increase P&L by £109,523 in the year ended 31 December 2018 and by £72,555 in the year ended 31 December 2019.
The error has been corrected by restating each of the affected financial line items for the prior period as shown in the table below.

Balance Sheet (extract)	**31 Dec. 2019**	**Increase/ (Decrease)**	**31 Dec. 2019 (Restated)**	**31 Dec. 2018**	**Increase/ (Decrease)**	**1 Jan. 2019 (Restated)**
Trade and other Receivables	57,826,531	224,788	58,051,319	65,284,933	135,214	65,420,147
Creditors	(21,446,816)	(42,710)	(21,489,526)	(17,089,948)	(25,691)	(17,115,639)
Retained earnings	8,964,810	182,078	9,146,888	20,363,504	109,523	20,473,027
Total Equity	**9,564,810**	**182,078**	**9,746,888**	**20,963,504**	**109,523**	**21,073,027**
Income Statement (extract)						**31 Dec. 2018 (Restated)**
Administrative expenses	(10,225,804)	89,574	(10,136,230)	(9,789,207)	135,214	(9,653,993)
Profit before income tax	**9,643,150**	**89,574**	**9,732,724**	**8,008,243**	**135,214**	**8,143,457**
Income tax expense	(1,541,844)	(17,019)	(1,558,863)	(1,527,813)	(25,691)	(1,553,504)
Profit for the financial year	**8,101,306**	**72,555**	**8,173,861**	**6,480,430**	**109,523**	**6,589,953**

p) Government Grants

The company recognises grants based on the performance model in accordance with FRS 102, paragraph 24.4.

2. Revenue and Other operating income

Revenue consists entirely of services made and provided in the United Kingdom, and relates to the provision of business travel payment, settlement and analysis services.

Other operating income relates to amounts claimed under the UK governments Coronavirus Job Retention Scheme, with a total amount claimed in 2020 of £ 266,201.

There were no unfulfilled conditions and contingencies nor any indication of other forms of government assistance from which the company has directly benefited attaching to grants.

3. Director's remuneration

	2020	2019
	£	£
Aggregate remuneration	**137,511**	168,854
Aggregate company contributions paid to a money purchase scheme	**18,357**	22,369
	155,868	191,223

Retirement benefits are accruing to one (2019: one) director under a money purchase scheme.

4. Staff Costs

The average monthly number of persons (including the one director in the year) employed by the company during the year was 39 (2019: 41).

Staff costs were as follows	2020	2019
	£	£
Staff costs		
Wages and salaries	**1,282,700**	2,065,308
Social security costs	**234,712**	301,899
Other pension costs	**189,483**	186,031
	1,706,895	2,553,238

No pension contributions are prepaid or outstanding at year-end (2019: nil).

The employee expenses are disclosed net of an income of £ 831,940 (2019: £ 895,480) from the recharge of salaries to the parent company due to the secondment of 3 employees. This income reduces (2019: reduces) the personnel expenses in fiscal year 2020 correspondingly.

	2020	2019
	Number	Number
Average monthly number of persons employed by the company during the year (including director):		
Selling and distribution	**15**	17
Administration	**24**	24
	39	41

5. Operating profit

	2020	2019 (Restated)
	£	£
Operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment		
- owned assets	**1,627**	5,621
Operating leases charges		
- plant and machinery	**2,016**	2,136
- other	**511,415**	621,729
Provision for impairment losses	**55,615**	111,819
Services provided by the company's auditors		
- fees payable for the audit	**55;000**	84,700
- fees payable for other services from auditors	**4,500**	11,329
Fees payable for other services	**40,301**	100,347
Foreign exchange loss/(profit)	**105,111**	39,682

6. Finance income

	2020	2019
	£	£
Interest receivable on late payments from customers	**250,106**	363,333
	250,106	363,333

7. Finance costs

	2020	2019
	£	£
Interest payable on bank overdrafts	**340**	549
Interest payable on amounts due to group	**261,025**	791,835
	261,365	792,384

Notes to the financial statements for the year ended 31 December 2020 (continued)

8. Income tax expense

	2020	2019 (Restated)
	£	£
Current tax		
UK corporation tax charge on profits for the year	**76,693**	1,537,967
Late payment interest charge	**3,142**	
Other prior year adjustments in current tax	**(1,670)**	18,467
Total current tax	**78,164**	1,556,434
Deferred tax		
Origination and reversal of timing differences	**2,595**	2,429
Deferred tax recognised on previously unrecognised amounts	**(1,418)**	-
Total deferred tax (note 11)	**1,177**	2,429
Income tax expense	**79,342**	1,558,863

Factors affecting tax charge for year

The standard rate of corporation tax in the UK is 19% (2019: 19%). The tax assessed for the year is lower than (2019: lower than) to the rate of corporation tax in the UK of 19% (2019: 19%).

The reasons for the difference are explained below:

Notes to the financial statements for the year ended 31 December 2020 (continued)

8. Income tax expense (continued)

	2020	2019 (Restated)
	£	£
Profit before income tax	**413,411**	9,732,724
Profit before income tax multiplied by the standard rate of corporation tax in UK of 19% (2019: 19%)	**78,548**	1,849,218
Effects of:		
Late payment interest charge	**3,142**	
Tax refund for 2016 and 2017 not chargeable to tax		(316,336)
Other prior year adjustments in current tax	**(1,670)**	18,467
Deferred tax recognised on previously unrecognised amounts	**(1,418)**	
Expenses not deductible for tax purposes	**2,425**	6,095
Group relief claimed	**(1,685)**	
Accelerated capital allowances and other timing differences		(1,010)
Deferred tax recognised in year		2,429
Tax charge	**79,342**	1,558,863

Factors affecting future tax charges

The standard rate of corporation tax in the UK is 19% (2019: 19%). After March 2023 then the applicable rate is expected to increase to 25% from that date. Temporary timing difference are expected to reverse out before April 2023.

9. Property, plant and equipment

	Computer Equipment	Fixtures and Fittings	Total
	£	£	£
Cost			
At 1 January 2020	87,141	453,408	540,549
Disposals	-	-	-
Additions	-	-	-
At 31 December 2020	**87,141**	**453,408**	**540,549**
Accumulated Depreciation			
At 1 January 2020	87,141	450,078	537,219
Disposals	-	-	-
Charge for the year	-	1,627	1,627
At 31 December 2020	**87,141**	**451,705**	**538,846**
Net book value			
At 31 December 2020	**-**	**1,703**	**1,703**
At 31 December 2019	-	3,330	3,330

Notes to the financial statements for the year ended 31 December 2020 (continued)

10. Trade and other receivables

	2020	2019 (Restated)
	£	£
Trade receivables	**14,951,723**	52,881,741
Amounts owed by group undertakings	**1,952,740**	4,107,179
Other receivables	**113,374**	876,512
Corporation Tax	**459,381**	-
Deferred tax asset (note 11)	**15,374**	16,551
Prepayments and accrued income	**146,082**	169,336
	17,638,674	58,051,319

Amounts owed by group undertakings are unsecured and repayable on demand. Interest is calculated on the monthly overdue of credit and debit balance by group undertakings with interest rates given by Lufthansa, which are the respective bank rates plus 0.05%. The average interest rate was 0.23% (2019: 0.01%). As of 31 December 2020, there was a credit balance overdraft. The balance of £1,952,740 (2019: £4,107,179) is interest free. Trade debtors are stated after provisions for impairment of £210,945 (2019: £155,330 (Restated)).

11. Deferred tax

	Recognised 2020 £
At 1 January 2020	**16,551**
Deferred tax charge in income statement for year	**1,418**
Adjustment for prior years	**(2,595)**
At 31 December 2020	**15,374**

	Recognised 2020 £	Recognised 2019 £
Decelerated capital allowances	**15,374**	16,551
Deferred tax asset recognised	**15,374**	16,551

The director considers that it is likely that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

Notes to the financial statements for the year ended 31 December 2020 (continued)

12. Creditors: amounts falling due within one year and after more than one year

	2020	2019
	£	£
Creditors: amounts falling due after more than one year		
Loan extended by immediate parent company (LASG)	0	30,000,000
	0	30,000,000

The loan was repaid in June 2020 and can be drawn again at any time if required. The maturity date of this loan agreement is 30th of June 2021 and it accrues interest at a rate of 3-month GBP-LIBOR 0.15% (2019: +0.15%). This loan was unsecured.

	2020	2019 (Restated)
	£	£
Creditors: amounts falling due within one year		
Trade payables	**2,700,609**	1,720,142
Amounts owed to group undertakings	**5,380,617**	17,104,103
Corporation tax	**152,555**	822,658
Accruals and deferred income	**573,974**	1,842,623
	8,807,755	21,489,526

Amounts owed by group undertakings are unsecured and repayable on demand. An amount of £1,814,480 (2019: £8,729,041) accrues interest which is calculated on a monthly basis. The interest ranges from 1.80% to 1.88% during the year (2019: 1.88% to 1.94%) and the remaining balance of £3,566,137 (2019: £8,375,062) is interest free.

13. Called up share capital

	2020	2019
	£	£
Authorised		
600,000 (2019: 600,000) ordinary shares of £1 each	**600,000**	600,000
Allotted, issued and fully paid		
600,000 (2019: 600,000) ordinary shares of £1 each	**600,000**	600,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the financial statements for the year ended 31 December 2020 (continued)

14. Dividends

	2020	2019
	£	£
First interim dividend for the year	-	12,000,000.00
Second interim dividend for the year	-	7,500,000.00
Amount paid per share	-	32.50

15. Financial commitments

At 31 December 2020, the company had the following future minimum lease payments on property under non-cancellable operating leases for each of the following years:

	2020	2019
Payments due		
	£	£
Not later than one year	**441,630**	441,630
Later than one year and not later than five years	**359,354**	802,295
Later than five years	-	-
	800,984	1,243,925

16. Ultimate and immediate parent company

The immediate parent undertaking is Lufthansa AirPlus Servicekarten GmbH incorporated in Germany.

The ultimate parent undertaking and controlling party is Deutsche Lufthansa AG, Germany, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of Deutsche Lufthansa AG can be obtained from the parent's registered office at Von-Gablenz-Straße 2-6, 50679 Cologne, Germany. Further, the annual financial statements are permanently available on the Internet: http://investor-relations.lufthansagroup.com/en/publications.html.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned with the Deutsche Lufthansa AG, Germany, group.

17. Events after the end of the reporting period.

No events of particular significance have occurred since the end of the reporting period.