First Choice Holidays Finance Limited
Annual report and financial statements
for the year ended 30 September 2019
Company number 04094619

MONDAY
A9EK06EG
A20 28/09/2020 #70
COMPANIES HOUSE

Contents

Directors	B Kaiser N J Overton-Smith
Registered Office	Wigmore House Wigmore Lane Luton Bedfordshire LU2 9TN
Independent Auditor	Deloitte LLP Statutory auditor 1 New Street Square London EC4A 3HQ United Kingdom
Bankers	Citibank N.A Canada Square Canary Wharf London E14 5LB
Registered number	04094619

The Directors present their Strategic Report on First Choice Holidays Finance Limited (the "Company") for the financial year ended 30 September 2019.

Principal activity

The Company's principal activity during the financial year continued to be that of a treasury management company for the TUI AG group of companies (the "Group") and supports the business activities and financial risks for the Group and will remain as such for the foreseeable future.

Key performance indicators

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

	Financial year ended 30 September 2019 £'000	Financial year ended 30 September 2018 £'000
Profit after taxation	**32,436**	58,503
Net assets	**55,038**	22,602

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

Review of the business

The Company's profit before taxation for the financial year ended 30 September 2019 was £40,074k (2018: £73,287k). An interim dividend of £nil was paid during the year (2018: £250,000k). The Directors do not recommend the payment of a final dividend (2018: £nil).

The Company's trading performance is inextricably linked to that of the UK Tour Operator businesses ("UK & I Business" which includes the following principal trading entities: TUI UK Limited; TUI Airways Limited; TUI UK Retail Limited; TUI Ireland Limited and TUI UK Transport Limited) and the TUI AG Group.

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Group's business, beginning in March 2020 when the Group took steps to suspend its touristic travel program, with the majority of the program suspended by 17 March 2020.

The Company has continued to earn revenues and receive cash in-flows from its treasury management services to the Group since the Covid-19 crisis began. As a member of the Group however the Company's liquidity position is inextricably linked to the liquidity position of other companies within the Group both because it's principal activity is treasury management with the Group and in addition due to the nature of cash pooling arrangements that exist across the Group.

At the date of approval of these financial statements the Group's touristic travel program remains suspended from the UK and has restarted at a low level in June from some of the Group's other markets (Belgium and Germany for example). Therefore, the travel programs operated by the Group remain either suspended or are operating at a significantly reduced capacity.

The Group has benefitted from various measures put in place by governments in the areas in which it operates to mitigate the impact of the pandemic, for instance in the UK the active participation in the Government's Job *Retention Scheme and agreement with HMRC to delay the payment of certain business taxes. In addition,* TUI AG the Group has secured €1.8bn additional funding from KfW (a German state-owned bank). This funding is available for use by all companies within the TUI Group.

Current trading patterns indicate there remains strong demand for package holidays in W20 and S21, with bookings for each of these seasons ahead of the same time last year. Therefore, the fundamentals of the Group's' business model remain sound and give comfort that demand is there once operations are able to resume.

Whilst at this stage it is too early to know the full impact of the pandemic on the financial year ending 30 September 2020, the result and financial position of the Group is likely to be significantly impacted by the temporary suspension of operations and the consequent refund of customer deposits.

Funding, liquidity and going concern

At 30 September 2019, the Company had net assets of 55,038,000 (2018: £22,602,000) and net current liabilities of £945,761,000 (2018: £1,235,194,000). As described in Note 2, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date, together with the Company and the Group's current liquidity position and contingency plans to secure additional funding, will allow the Company to continue its activities once travel restrictions are lifted. However, given the ongoing suspension of operations in some markets and uncertain timing and scope of any restart, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements. In addition to this, TUI Travel Limited has provided a guarantee covering all intercompany Group loans issued by the Company, except for the loans with TUI AG (ultimate parent company).

The finance risk is discussed in some detail in Note 6 to the financial statements. Internal loans are covered by the guarantee provided by TUI Travel Limited and the financial support provided by TUI AG. The Company minimises its credit risk with external counterparties through the application of risk management policies approved and monitored by the Group's Executive Board. External counterparties are limited to major banks and financial institutions with strong credit ratings of A1/P1 or A2/P2. Counterparty limit exposures are set and monitored for all external banks and financial institutions that the Company deals with.

The Company provides foreign exchange and commodity hedging facilities to Group companies. The company will take out external hedges providing back to back internal hedges to the Group companies with the underlying foreign exchange or commodity exposure. As referred to above, the credit risk on the external derivatives is closely monitored in line with the policies approved by the Group's executive board.

The Directors consider the future outlook of the Company to be satisfactory.

Post balance sheet events
Details of post balance sheet events can be found in Note 21.

Principal risks and uncertainties
Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of the Group's Corporate Governance.

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the business of the fellow Group companies, beginning in March 2020. The situation continues to evolve however it demonstrates that an infectious disease which results in a pandemic can have a dramatic impact on operations in a relatively short space of time. Whilst the spread of the disease and the measures mandated by government agencies around the world are not within the Group's control, the Group has mobilised experienced teams who are capable of managing the impacts of the disruption on our customers, colleagues and key partners and who can implement the actions necessary to safeguard the Company until operations can resume.

As it is uncertain how long governmental travel restrictions and social distancing measures of source and destination countries will last, Group management continues to monitor developments closely so that swift action can be taken to update policies and procedures in response to the changing situation, with a view to restarting operations as soon as it is safe and practicable to do so. Once holiday programmes restart it is also not certain how quickly operations will return to pre-crisis levels.

Principal risks and uncertainties (continued)

On-going Brexit negotiations in 2019/20 and the complexities of striking new trade deals will provide addition uncertainty. The volatility of the macroeconomic environment has a potential to influence the economy and as a result impact customer demand. Despite the continued risk, the differentiation of our customer offering will ensure the Group continues to adapt in the ever changing business environment

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

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

  The vast majority of our trade receivable balance is due from Group undertakings which have little or no risk of default.

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

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

  i) In the course of the annual Group planning process, TUI draws up a multi-annual finance budget, from which long-term financing and re-financing requirements are derived. This information and financial market observation to identify refinancing opportunities create a basis for decision-making, enabling appropriate financing instruments for the long-term funding of the Company to be adopted at an early stage.

  ii) TUI uses syndicated credit facilities and bilateral bank loans as well as its liquid funds to secure sufficient short-term cash reserves. Through intra-group cash pooling, the cash surpluses of individual Group companies are used to finance the cash requirements of other Group companies. Bank account dispositioning is based on a monthly rolling liquidity forecast system.

  Despite the financial backing of a global organisation the Company recognises the highly seasonal nature of its business, and the inherent associated cash-flow risk. Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the summer season. Details of the Group's financial management strategies are included in the risk report of the TUI AG Annual Report.

- **Destination disruption.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as Ebola, or the recent outbreak of COVID-19; political volatility as has been seen in Egypt, Turkey and Greece in recent years; the implications of war in countries close to our markets and destinations; and terrorist events such as the tragic incident in Tunisia in 2015. There is the risk that if such an event occurs, impacting one or more of our destinations that we could potentially suffer significant operational disruption and costs in our businesses. We may possibly be required to repatriate our customers and / or the event could lead to a significant decline in demand for holidays to the affected destinations over an extended period of time.

- **Customer demand.** Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain with different markets at different points in the economic cycle. Furthermore, in recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. There is the risk that these external factors within our industry will impact on the spending power of our customers, which could impact our short-term growth rates and lead to margin erosion.

Principal risks and uncertainties (continued)

- **Input cost volatility.** A significant proportion of operating expenses are in non-local currency which therefore exposes the business to fluctuations in both exchange rates and fuel prices. There is the risk that if we do not manage adequately the volatility of exchange rates, fuel prices and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. There is also the risk that if our hedging policy is too rigid, we may find ourselves unable to respond to competitive pricing pressures during the season without it having a direct detrimental impact on our market position and / or profitability. Furthermore, changes in macroeconomic conditions can have an impact on exchange rates which, particularly for the £/€ rate has a direct impact on the translation of non-euro market results into euros, the reporting currency of our Group.

- **Seasonal cash flow profile.** Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is the risk that if we do not adequately manage cash balances through the winter low period this could impact on the Group's liquidity and ability to settle liabilities as they fall due whilst ensuring that financial covenants are maintained.

- **Legal & regulatory compliance.** The Group operates in a highly regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.

- **IT development and strategy.** Our focus is on enhancing customer experience by providing engaging, intuitive, seamless and continuous customer service through delivery of digital solutions, core platform capabilities, underlying technical infrastructure and IT services required to support the Group's overall strategy for driving profitable topline growth. Although the Group's strategy has ensured that we are more vertically integrated, which has reduced impact of disruption by pure digital players, an ineffective IT strategy or technology development could impact on our ability to provide leading technology solutions in our markets. This would therefore impact on our competitiveness, our ability to provide a superior customer experience as well as on quality and operational efficiency. This would ultimately impact on our customer numbers, revenue and profitability.

- **Corporate and social responsibility.** Our focus is to reduce the environmental impact of our holidays and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby creating positive change for people and communities and being a pioneer of sustainable tourism across the world. There is a risk that we are not successful in driving forecast social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximize our positive impact on destinations and minimize the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, reduction in demand for our products and services and loss of competitive advantage.

- **Information security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have to provide to our customers, employees, suppliers and service delivery teams. This is a dynamic risk due to increased global cyber-crime activity and new regulations (e.g. EU GDPR). At the same time our consolidation under the TUI brand and our increasing dependence on online sales and customer care channels (web / mobile) increases our exposure and susceptibility to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.

Principal risks and uncertainties (continued)

During the financial year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group and the Directors of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how these are mitigated, can be found on pages 40-55 of the TUI AG Annual Report, 2018/19. Details of where these financial statements can be obtained are in Note 20 of these financial statements.

Approved by the Board and signed on its behalf by
N J Overton-Smith
Director

Company Number 04094619 Dated 25 June 2020

The Directors present their annual Report and the audited financial statements of First Choice Holidays Finance Limited (the "Company") for the year ended 30 September 2019.

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

B Kaiser
N J Overton-Smith

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

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

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

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

Approved by the Board and signed on its behalf by

N J Overton-Smith
Director

Company Number 04094619 Dated 25 June 2019

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of First Choice Holidays Finance Limited (the 'Company')

- give a true and fair view of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related Notes 1 to 21.

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

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

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

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

Our opinion is not modified in respect of this matter.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date 25 June 2020

First Choice Holidays Finance Limited
Statement of total comprehensive income for the year ended 30 September 2019

	Note	**Year ended 30 September 2019 £'000**	Year ended 30 September 2018 £'000
Administrative expenses		**(694)**	(599)
Operating loss		**(694)**	(599)
Finance income	7	**75,995**	103,769
Finance expense	8	**(35,227)**	(29,883)
Profit before taxation	9	**40,074**	73,287
Tax expense	11	**(7,638)**	(14,784)
Profit for the year and total comprehensive income		**32,436**	58,503

All operations are continuing.

	Note	30 September 2019 £'000	30 September 2018 £'000
Non-current assets			
Interest-bearing loans and receivables	13	**1,000,797**	1,257,975
Derivative financial assets	14	**50,759**	76,110
		1,051,556	1,334,085
Current assets			
Interest-bearing loans and receivables	13	**1,262,463**	1,247,991
Trade and other receivables	15	**1,151**	896
Income tax – corporation tax recoverable		**6,042**	14,129
Derivative financial assets	14	**374,556**	446,793
Cash and cash equivalents		**856,357**	880,889
		2,500,569	2,590,698
Current liabilities			
Interest-bearing loans and borrowings	16	**(3,041,433)**	(3,347,038)
Trade and other payables	17	**(1,701)**	(1,454)
Income tax - group relief payable		**(10,015)**	(15,318)
Derivative financial liabilities	14	**(393,181)**	(462,082)
		(3,446,330)	(3,825,892)
Net current liabilities		**(945,761)**	(1,235,194)
Total assets less current liabilities		**105,795**	98,891
Non-current liabilities			
Derivative financial liabilities	14	**(50,757)**	(76,289)
		(50,757)	(76,289)
Net assets		**55,038**	22,602
Equity			
Called up share capital	18	**-**	-
Profit and loss account		**55,038**	22,602
Total equity attributable to owners of the parent		**55,038**	22,602

The notes on pages 16 to 28 form part of these financial statements.

The financial statements on pages 13 to 28 were approved and authorised for issue by the Board of Directors on 25 June 2019 and signed on its behalf by:

N J Overton-Smith
Director
Company number 04094619

	Note	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2017		-	214,099	214,099
Net profit and total comprehensive income for the year		-	58,503	58,503
Dividends paid	12	-	(250,000)	(250,000)
At 30 September 2018		-	22,602	22,602
Net profit and total comprehensive income for the year		-	32,436	32,436
At 30 September 2019		**-**	**55,038**	**55,038**

1. General information

The Company is a private limited company (limited by shares) incorporated in the United Kingdom under the Companies Act 2006 and is registered and domiciled in England and Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 04094619.

The principal activity of the Company continues to be that of a treasury management company for the TUI AG group of companies (the "Group") and to support the business activities and financial risks for the Group. No change is expected in the future with regard to the principal activity of the Company.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit and loss, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

FRS 101

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

Going concern

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

Due to the measures taken by Governments worldwide to get the COVID-19 outbreak under control and in particular, the UK Government's advice against all but essential travel, the touristic industry came to a standstill from the second half of March 2020. For TUI, this has resulted in the repatriation of customers who were on holiday at the time and the full cancellation of the planned holiday programme until mid-July 2020. The operation of flights and holidays beyond the middle of July continues to be reviewed

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

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

- TUI AG received the approval of the German government for a bridging loan of EUR 1.8 billion from the KfW, a German state-owned bank. The funds are to be used to increase TUI's existing credit line with its banks amounting to EUR 1.75 billion ("Revolving Credit Facility"). One of the conditions of the KfW bridge loan is that TUI waives dividend payments for the duration of the bridge loan.
- A significant element of the Groups cost base relates to wages and salaries. Where possible, and subject to local regulations, staffing levels and hours worked have been reduced. Government support has been taken to offset staffing costs that continue to be incurred.
- Capital expenditure has been rephased or delayed
- Actions have been taken to defer or reduce payments of fixed costs and unpaid variable costs from the pre-crisis period, including agreements with government fiscal authorities on certain tax payments.
- Invoked force majeure in relation to the guaranteed capacity within certain hotel accommodation contracts in relation to summer 2020.
- Announced a review of the future operations of the TUI Group with a view to reducing the Group's cost base by 30%, which could impact up to 8,000 roles worldwide.

Going concern (continued)

The Directors of the main trading companies upon which the Company is dependent have prepared a trading cashflow forecast which covers a period of 15 months from the date of approval of these financial statements, taking into account the mitigating actions that have already been agreed. Whilst there will not be a uniform return to operations across all the TUI group companies, the forecast assumes a 'base case' return to operations beginning in the mid-summer of 2020 as Governmental restrictions on travel become more relaxed. Operations are then assumed to gradually return to pre-crisis levels during the course of 2021. With regard to this forecast and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, however given that the COVID-19 situation continues to evolve, there exists a material uncertainty related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

The events or conditions are as follows:

- The TUI Group cash pool, in which the Company is the pool header, had cash reserves of £250m as at the date of approval of these financial statements, and analysis undertaken by the Group indicates that following the full drawdown on the Group's Revolving Credit Facility and the receipt of KfW German State funding there exists an overall Groupwide positive cash reserve until the autumn of 2020 depending on the propensity of customers to seek a cash refund for cancelled holidays. However, the Group forecasts further indicate that the Group will require additional funding to continue its operations within the period of the going concern assessment. Alternative sources of funding to bridge this gap are being actively pursued, including options to procure additional support as at the beginning of the crisis. At this stage no firm agreements have been concluded and consequently there remains a material uncertainty over both the source and the quantum of any additional funding.

  The Group's compliance with existing financial covenants in respect of the external bank Revolving Credit Facility have been temporarily waived and will only recommence on 30 September 2021. Depending on how quickly the Group is able to return to operations, there is a risk that these covenant requirements will be breached when tested for the first time at this date.

  The Group has a contractual commitment to take delivery of a number of new aircraft deliveries from Boeing in FY21. The Group typically requests offers from a number of finance providers in a competitive process and then agrees financing before delivery. This process is currently ongoing but management has every confidence that financing deals for these aircraft deliveries will be concluded in the necessary time frame, and that the financing market remains open to the Group. Nevertheless, there remains uncertainty as that financing has not yet been contractually agreed.

- The company acts as a guarantor of a EUR 300m bond issued by TUI AG, which is due to be repaid in October 2021. There is a risk the Group will be unable to repay or refinance this bond.

- The UK & I Business is currently not operating a holiday programme, in line with Government travel advice. As at the current date, both the UK and Irish Governments continue to advise against all but essential travel and therefore a material uncertainty exists in that there is currently no firm date as to when operations can restart. Once operations restart, it is also not certain how quickly operations will return to pre-crisis levels. However, the European Commission has stated its willingness to find ways to restart travel operations and a number of European destinations have now indicated that they plan to reopen tourist centres after June 2020. Other TUI AG companies based in continental Europe have already restarted operations, or are planning to restart in the near future, where local Government agencies permit. This restart to operations across the Group will provide a positive cash inflow from the point that operations commence. For the UK &I Business', current trading patterns indicate there remains strong demand for package holidays in winter 2020 and summer 2021, with bookings ahead of this time last year for both seasons. Therefore, the fundamentals of the company's business model outside of the crisis period remain sound and give comfort that demand will be there once operations are able to resume.

- The Group is expecting a cash inflow of EUR 0.6 billion in late June/early July in respect of the sale proceeds of Hapag Lloyd cruises. This sale was agreed prior to the pandemic. Since this receipt is incorporated into the Group's current liquidity plans, the forecast will be at risk if there is a delay in the timing of this receipt.

Going concern (continued)

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

- Delay of cash refunds and further encouragement to customers to take a refund credit note
- Additional changes to working arrangements to reduce staff costs further
- Sale of assets, including cruise ships,
- Alternative options in relation to aircraft financing

Further, the Directors of the main trading companies within the Group have considered alternative trading scenarios which consider a longer period before the return to operations and / or a slower recovery profile than in the base case. Consistent with the base case, this scenario is not expected to give rise to a breach of the covenants in the debt facilities as further liquidity could be sought through cash injections from TUI AG, the Company's ultimate parent company. As with any Company placing reliance on other group entities for financial support, the Directors' acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Functional and presentational currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

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

New and amended standards adopted by the Company
In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Amendment	Impact on Financial Statements
IFRS 9 Financial Instruments	The new standard replaces the current guidance in IAS39 on classification and measurement of financial assets and introduces new rules for hedge accounting. The existing impairment rules are being superseded by a new model based on expected credit losses.	Not material

3. **Summary of significant accounting policies (continued)**

Financial assets

(i) Classification

The Company classifies its financial assets as either at fair value through profit and loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) **Financial assets at fair value through profit and loss (FVTPL)**
Financial assets at fair value through profit and loss are derivatives in a positive fair value position. A financial asset held for trading is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current assets.

b) **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise loans due from direct and indirect subsidiaries, trade and other receivables and cash and cash equivalents on the balance sheet.

(ii) Recognition and measurement

a) **Financial assets at fair value through profit and loss (FVTPL)**
Financial assets carried at fair value through profit and loss are initially recognised at fair value on the date a derivative contract is entered into. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently re-measured and carried at fair value.

The Company has not applied hedge accounting through reserves and all derivatives are measured at fair value through the statement of total comprehensive income within finance income or expense in the period in which they arise.

b) **Loans and receivables**
Loans and receivables are recognised at fair value.

Cash comprises cash at bank and deposits held on call with banks or other short-term highly liquid investments. Bank overdrafts are shown in current liabilities within the Statement of Financial Position.

(iii) Impairment of financial assets

For the financial assets held at fair value through profit and loss, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. Loss allowances for financial assets are based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12 month expected credit losses.

3. Summary of significant accounting policies (continued)

Financial liabilities

(i) Classification

The Company classifies its financial liabilities at fair value through profit and loss. Financial liabilities at fair value through profit and loss comprise of derivatives in a negative fair value position, loans due to Group subsidiaries, bank overdrafts and trade and other payables. These liabilities are classified as current where expected settlement is within 12 months, otherwise they are classified as non-current liabilities.

(ii) Recognition and measurement

Financial liabilities are initially recognised at fair value and then subsequently re-measured to fair value through profit and loss. Those financial liabilities held at fair value through profit and loss are revalued at each Statement of Financial Position date, with gain and losses recognised directly in the Statement of Total Comprehensive Income within finance income or finance expense in the period in which they arise.

Finance income and finance expense

Finance income recognised in the Statement of Total Comprehensive Income mainly comprises interest receivable on loans due from Group direct and indirect undertakings and bank interest. Finance expense recognised in the Statement of Total Comprehensive Income mainly comprises interest expense on loans due to Group undertakings, interest on bank loans and overdrafts and losses from derivative financial instruments.

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the Statement of Financial Position date. Foreign exchange gains and losses resulting from translation to year end rates are recognised in the Statement of Total Comprehensive Income.

Current tax

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

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which payment of the dividend becomes a legal obligation of the Company. For final dividends, this will be when they are approved by the Company. For interim dividends, this will be when they have been paid.

Called up share capital

Ordinary shares are classified as equity.

Operating loss

Operating loss is stated before investment income and finance costs.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of TUI AG, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of TUI AG. Details for obtaining the Group financial statements of TUI AG can be found in Note 20. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 2 'Share-based payment'	45(b) and 46 to 52	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1.
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	10(f) and 40 A to D	A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly-owned subsidiaries of the Group.
IFRS 7 Financial Instruments	All paragraphs	IFRS 7 disclosures in full

5. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The Directors do not consider there to be any critical estimates or judgements that could materially alter the performance or position of the Company in the coming year since the Company's exposure to foreign currency and derivative financial instruments is minimal as it operates largely on a back to back basis with all exposures fully hedged in line with the Group's treasury policies.

6. Financial instruments

The Company continued to act as a treasury management company for the Group and to support the Group's business activities and mitigate the financial risks for the Group. The Company provides loans to, and receives deposits from, Group companies and provides foreign exchange and commodity hedging facilities to Group companies. The Company acts as one of the Group's main interfaces with the external market and aims to offset the Group's net position to the market.

Financial risk management

In the normal course of business, the Company is exposed to the following financial risks:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk mainly arises from cash balances and derivative financial instruments with external counterparties. Credit risk is managed separately for treasury and operating related credit exposures.

The Company minimises its financial credit risk through the application of risk management policies approved and monitored by the Group's Executive Board. While external counterparties are limited to major banks and financial institutions, Group and Company policy ensures that individual counterparty limits are adhered to and that there are no significant concentrations of credit risk. The Company monitors the credit ratings of its counterparties as part of its ongoing assessment of its credit exposure. Material financial instruments are only transacted with major financial institutions with strong credit rating of A1/P1 or A2/P2.

The Company considers its maximum total exposure to credit risk at 30 September 2019, without taking into account any collateral held or other credit enhancements to be £3,546,083,000 (2018: £3,910,654,000), which is the total of the Company's financial assets.

30 September 2019	**AA/Aa £'000**	**A/A- £'000**	**BBB or below £'000**	**Unrated £'000**	**Total £'000**
Interest-bearing loans and receivables	-	-	1,236,464	1,026,796	2,263,260
Derivative financial assets	25,744	227,926	31,980	139,665	425,315
Trade and other receivables	1,143	-	-	8	1,151
Cash and cash equivalents	856,299	58	-	-	856,357
	883,186	227,984	1,268,444	1,166,469	3,546,083

30 September 2018	AA/Aa £'000	A/A- £'000	BBB or below £'000	Unrated £'000	Total £'000
Interest-bearing loans and receivables	-	-	1,077,305	1,428,661	2,505,966
Derivative financial assets	34,611	362,705	56,529	69,058	522,903
Trade and other receivables	807	-	62	27	896
Cash and cash equivalents	880,842	47	-	-	880,889
	916,260	362,752	1,133,896	1,497,746	3,910,654

Interest rate risk

Euro, Sweden, US and UK bank base rates are still at historically very low levels, so a reduction in these base rates is now not considered likely. A 1% increase in all of the above bank base rates could be expected to have a £4m negative impact on the Company's annual results, assuming lending remains as it is at the year end position and other factors remain constant.

Foreign currency risk

The Company's exposure to foreign exchange risk is minimal as the Company operates on a largely back to back basis with all exposures fully hedged to the Company's functional currency of Sterling.

6. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's activities may not be available. Management believes that it has access to sufficient, liquid funding sources to meet foreseeable requirements, given its position as a Group treasury centre.

Fair value measurements

The fair values of financial assets and liabilities are included at the price that would be received or paid between willing market participants at the measurement date. IFRS requires enhanced disclosures about fair value measurements of financial instruments through the use of a three level fair value hierarchy that prioritises the valuation techniques used in fair value calculations. The levels can be broadly described as follows:

- Level 1 – use of unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – use of observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – use of inputs not based on observable market data but reflecting management's own assumptions about pricing the asset or liability.

The fair values of all financial assets and liabilities approximate to their carrying values. Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate inputs at level 2, such as interest rates and foreign currency exchange rates. These market inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility, discount rate and taking credit risk into account. As significant inputs to the valuation are observable in external markets, these instruments are categorised as level 2 in the hierarchy.

7. Finance income

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Gains on derivative financial instruments	**-**	600
Bank interest income	**14,495**	8,920
Interest income on loans to Group companies	**61,500**	94,249
Total finance income	**75,995**	103,769

8. Finance expense

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Interest expense on loans from Group companies	**2,586**	2,726
Bank interest expense	**32,518**	27,157
Total interest expense on financial liabilities not measured at fair value through profit and loss	**35,104**	29,883
Losses on derivative financial instruments	**123**	-
Total finance expense	**35,227**	29,883

9. Profit before taxation

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Profit before taxation is stated after charging/(crediting):		
Management charge	**617**	523
Loss/(Gain) on foreign exchange and commodity financial instruments	**123**	(600)

Auditor's remuneration

The auditor's remuneration of £81,095 (2018: £78,733) relating to the auditing of the financial statements has been borne and paid by another Group company and has not been recharged to the Company.

10. Employees' and Directors' remuneration

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

The Directors received no remuneration for their services as Directors of the Company (2018: £nil). The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which makes no recharge to the Company (2018: £nil). It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

11. Tax expense

(i) Analysis of tax expense in the year

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Current tax:		
UK corporation tax	**-**	-
Amounts payable to fellow subsidiaries for group relief	**7,635**	13,794
Overseas taxes	**3**	16
Adjustments in respect of prior periods	**-**	974
Total current tax	**7,638**	14,784
Total tax expense in the statement of total comprehensive income	**7,638**	14,784

(ii) Factors affecting the tax expense in the year

The tax expense (2018: expense) for the year ended 30 September 2019 is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are shown in the table below:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Profit before taxation	**40,074**	73,287
Profit multiplied by the effective standard rate of UK corporation tax of 19.0% (2018: 19.0%)	**7,614**	13,924
Effects of:		
- Income not taxable	**-**	(114)
- Expenses not deductible	**24**	-
- Overseas tax paid	**3**	16
- Double tax relief	**(3)**	(16)
- Adjustments in respect of prior periods	**-**	974
Total tax expense in the statement of total comprehensive income	**7,638**	14,784

11. Tax expense (continued)

(iii) Factors affecting the future tax expense
The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods.

At the Statement of Financial Position date, Finance Act 2016 had been substantively enacted confirming that the main UK corporation tax rate would reduce to 17% from 1 April 2020. Therefore, at 30 September 2019, deferred tax assets and liabilities have been calculated based on rates of 19.0% and 17.0% where the temporary differences are expected to reverse before and after 1 April 2020 respectively. On 11 March 2020 the Chancellor announced that in April 2020 the UK government will legislate to retain the current 19% rate. This change had not been substantively enacted at the Statement of Financial Position date and therefore is not included in these financial statements. It is not expected that this will have a material effect on the Company.

There are no unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2019 or 30 September 2018.

12. Dividends

The aggregate amount of dividends paid during the year comprised:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Interim dividend	**-**	250,000

A dividend of £nil per ordinary share (2018: £250,000,000) was paid to the Company's sole shareholder, First Choice Holidays Limited.

13. Interest-bearing loans and receivables

	30 September 2019		30 September 2018	
	Non-current £'000	**Current £'000**	Non-current £'000	Current £'000
Amounts Due from the parent company	**-**	**1,236,464**	-	1,077,305
Amounts Due from other group companies	**1,000,797**	**25,999**	1,257,975	170,686
	1,000,797	**1,262,463**	1,257,975	1,247,991

Amounts due from the parent company and other group companies
For both years, amounts due from the parent company and other group companies were unsecured and bore interest at either the relevant inter-bank base rate plus a margin of up to 5% or at fixed rates up to 5.1%. TUI Travel Limited has provided a guarantee on all intercompany Group loans issued by the Company, except for the loans with TUI AG (ultimate parent company).

14. Derivative financial instruments

The carrying amounts of derivative contracts held at 30 September 2019 were as follows:

	30 September 2019		30 September 2018	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Forward foreign exchange contracts	**311,464**	**(330,074)**	245,033	(260,459)
Forward commodity contracts	**94,399**	**(94,412)**	273,796	(273,838)
Interest rate swap contracts	**19,452**	**(19,452)**	4,074	(4,074)
Total	**425,315**	**(443,938)**	522,903	(538,371)
Less non-current portion				
Forward foreign exchange contracts	**29,628**	**(29,628)**	30,676	(30,841)
Forward commodity contracts	**12,575**	**(12,573)**	42,668	(42,682)
Interest rate swap contracts	**8,556**	**(8,556)**	2,766	(2,766)
Non-current portion	**50,759**	**(50,757)**	76,110	(76,289)
Current portion	**374,556**	**(393,181)**	446,793	(462,082)

Derivative contracts are used principally as hedging instruments for Group subsidiaries, with the Company largely having back to back contracts with external counterparties and Group subsidiaries. There are no instruments designated as part of a formal hedge relationship under IAS 39. All derivatives are classified as fair value through profit and loss, held for trading.

The contractual, undiscounted cash flow maturities of derivative and non-derivative financial liabilities at 30 September were as follows:

30 September 2019	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total cashflows £'000**
Forward foreign exchange contracts	**8,550,234**	**870,487**	**13,106**	**-**	**9,433,827**
Forward commodity contracts	**100,889**	**10,665**	**313**	**-**	**111,867**
Interest rate swap contracts	**10,862**	**3,353**	**5,114**	**326**	**19,655**
Derivative liabilities	**8,661,985**	**884,505**	**18,533**	**326**	**9,565,349**
Interest bearing loans and borrowings	**3,041,433**	**-**	**-**	**-**	**3,041,433**
Trade and other payables	**1,701**	**-**	**-**	**-**	**1,701**
Total	**11,705,119**	**884,505**	**18,533**	**326**	**12,608,483**

30 September 2018	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total cashflows £'000
Forward foreign exchange contracts	8,482,459	1,339,590	31,179	-	9,853,228
Forward commodity contracts	242,309	48,380	355	-	291,044
Interest rate swap contracts	1,321	662	1,359	860	4,202
					-
Derivative liabilities	8,726,089	1,388,632	32,893	860	10,148,474
Interest bearing loans and borrowings	3,347,038	-	-	-	3,347,038
Trade and other payables	1,454	-	-	-	1,454
Total	12,074,581	1,388,632	32,893	860	13,496,966

There is minimal financial risk attached to the derivative liabilities above because the vast majority is covered by contractual cash inflows due on the back to back contracts.

15. Trade and other receivables

	30 September 2019 £'000	30 September 2018 £'000
Amounts due from the parent company	-	62
Other receivables	1,151	816
Withholding tax recoverable	-	18
	1,151	896

Amounts due from the parent company
Amounts due from the parent company are unsecured, interest free and are repayable on demand.

16. Interest-bearing loans and borrowings

	30 September 2019		30 September 2018	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Amounts due to other group companies	-	504,758	-	452,390
Bank overdraft	-	2,536,675	-	2,894,648
	-	3,041,433	-	3,347,038

Amounts due to other group companies
Amounts due to other group companies bear interest at a floating rate, which pay interest at an arm's length market rate between 0% and 7.5%, are unsecured and repayable in accordance with the maturity dates on each loan. Further details of the maturity analysis of these amounts due are provided in Note 14.

Bank overdrafts
The bank overdraft is repayable on demand, unsecured and bears interest at market rates

17. Trade and other payables

	30 September 2019 £'000	30 September 2018 £'000
Interest payable on bank overdrafts	1,584	1,448
Amounts due to the parent company	111	-
Other payables	6	6
	1,701	1,454

18. Called up share capital

	30 September 2019 £'000	30 September 2018 £'000
Authorised		
1000 (2018:1000) ordinary shares of £1.00 each	1	1
Issued and fully paid		
1 (2018: 1) ordinary share of £1.00 each	-	-

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

Reserve	Description and purpose
Profit and loss account	The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Financial and other commitments

On 20 July 2017 the Company agreed to act as a guarantor to TUI AG's external bank revolving credit facilities of €1,750m which include a letter of credit tranche in an aggregate amount of €215m. On 19 October 2016 the Company agreed to act as a guarantor to an indenture concerning €300m 2.125% senior notes due 2021 that have been issued by TUI AG. During the year the Company also agreed to act as a guarantor to TUI AG's €425m Schuldschein issued on 27 June 2018 and which are due between July 2023 and July 2028.

20. Ultimate parent company and controlling party

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is First Choice Holidays Limited (incorporated in the United Kingdom).

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from the registered office through Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tuigroup.com/en-en. No other financial statements include the results of the Company.

21. Events after the balance sheet date

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Group's business, beginning in March 2020 when the Group took steps to suspend its touristic travel program, with the majority of the program suspended by 17 March 2020.

At the date of approval of these financial statements the Group's touristic travel program remains suspended from the UK and has restarted at a low level in June from some of the Group's other markets (Belgium and Germany for example). Therefore, the travel programs operated by the Group remain either suspended or are operating at a significantly reduced capacity.

In June 2020, the TUI group and Boeing announced they have agreed on a comprehensive package of measures to offset the consequences of the grounding of the 737 MAX. The agreement provides compensation which covers a significant portion of the financial impact, as well as credits for future aircraft orders. The compensation will be realised over the next two years. In addition, both parties have agreed to a revised delivery schedule for the 61 737 MAX aircraft on order, meaning that the TUI group will get fewer 737 MAX deliveries from Boeing than previously planned in the next several years. The associated payment schedules have been adapted accordingly. As a result of this, less than half of the originally planned 737 MAX aircraft will be delivered to the TUI group in the next two years. On average, compared with the original scheduling, the 737 MAX deliveries will be delayed by approximately two years. This will significantly reduce TUI's capital and financing requirements for aircraft in the coming years and supports TUI's plan to reduce the size of fleet of its five European airlines in the wake of the COVID-19 crisis. Due to the commercial sensitivity of this agreement, the financial details of the agreement have not been disclosed.

As part of the KFW loan agreement, the Company is now acting as a guarantor of this loan.