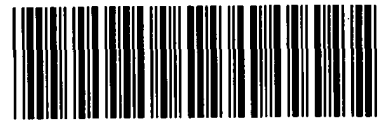


Travel Choice Limited
Financial statements for the year
ended 30 September 2019
Company number 5200755

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Travel Choice Limited
Statement of changes in equity for the financial year ended 30 September 2019

	Note	As at 30 September 2019 £	As at 30 September 2018 £
Non-current assets			
Investments in joint ventures	3	<u>33,508,641</u>	<u>33,508,641</u>
		33,508,641	33,508,641
Current assets			
Trade and other receivables	4	<u>37,313</u>	<u>37,313</u>
		37,313	37,313
Total assets		<u>33,545,954</u>	<u>33,545,954</u>
Current liabilities			
Income tax – group relief payable		<u>(7,253)</u>	<u>(7,253)</u>
		(7,253)	(7,253)
Net current assets		<u>30,060</u>	<u>30,060</u>
Net assets		<u>33,538,701</u>	<u>33,538,701</u>
Equity			
Called up share capital	5	<u>33,512,164</u>	<u>33,512,164</u>
Retained earnings	6	<u>26,537</u>	<u>26,537</u>
Total equity attributable to owners of the parent		<u>33,538,701</u>	<u>33,538,701</u>

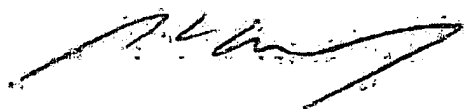
During the financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during the current financial year the Company made neither a profit nor a loss and therefore no Statement of Comprehensive Income has been presented.

DIRECTORS' STATEMENT

The Directors:

- a) confirm that the Company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies from the requirement to have its financial statements audited for the financial period ended 30 September 2019;
- b) confirm that the members have not required the Company to obtain an audit of its financial statements for the period in accordance with section 476 of the Companies Act 2006; and
- c) acknowledge their responsibilities for:
 - (i) ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
 - (ii) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the Company.

The financial statements on pages 2 to 8 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



P R Lanaway
Director

Company Number: 5200755

Date: 24 September 2020

Travel Choice Limited
Statement of changes in equity for the financial year ended 30 September 2019

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 October 2017	33,512,164	26,537	33,538,701
Total comprehensive income for the financial year	-	-	-
At 30 September 2018	<u>33,512,164</u>	<u>26,537</u>	<u>33,538,701</u>
Total comprehensive income for the financial year	-	-	-
At 30 September 2019	<u>33,512,164</u>	<u>26,537</u>	<u>33,538,701</u>

1. General information

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 5200755.

The Company did not trade during the year and is not expected to trade in future years. The principal activity of the Company was that of an intermediate holding company within the TUI AG group of companies (the "Group").

2. Basis of preparation and significant accounting policies

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 the statement of total comprehensive income, 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

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

As at the date of approval of these financial statements, the impact of COVID-19 on the Group'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.

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. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on the Group.

In order to maintain liquidity during the crisis period, TUI Group have obtained KfW German state funding and taken a number of measures preserve cash. Taking this into account and the trading cashflow forecasts prepared within the Group 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, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

The Directors believe the actions taken to date, together with the Company and the Group's current liquidity position and contingency plans, will allow the Company to continue its activities whilst the Group's operations gradually return to pre-crisis levels. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements but recognise the existence of the material uncertainty discussed above.

2. Basis of preparation and significant accounting policies (continued)

Functional and presentational currency

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

Investments in joint ventures

Investments are recognised at cost less accumulated impairment losses.

Financial assets and financial liabilities

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

Financial assets are recognised at the value on the date when the Company undertakes to buy the asset. When recognised for the first time, they are either classified as at amortised cost or at fair value, depending on their objective. Financial assets are classified as financial assets at amortised cost when the objective of the Company's business model is to hold the financial assets to collect contractual cash flows, and when the contractual terms and conditions of the assets exclusively constitute interest and principal payments on the nominal amount outstanding. This applies to all financial assets that had also been carried at amortised cost under IAS39.

For the financial assets held at amortised cost, 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.

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

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

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

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

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 balance sheet date. Foreign exchange gains and losses resulting from translation to financial year-end rates are recognised in the Statement of Total Comprehensive Income.

Foreign exchange gains or losses arising on loans receivable or payable, including finance lease liabilities, are included in "Finance income" and "Finance expense" in the Statement of Comprehensive Income.

2. Basis of preparation and significant accounting policies (continued)

Called up share capital

Ordinary shares are classified as equity.

Critical accounting judgments, estimates and assumptions

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

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

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

(i) **Recoverable amount of investments in joint ventures**

Judgement is required in the assessment of the carrying amount of the investments in the Company's joint ventures and its loan to the Company's joint ventures. Estimation of the recoverable amount of investments and the loans requires the Company to assess future cash flows projected to be generated by the joint ventures, which in turn are dependent upon a variety of factors including prevailing economic conditions, the geopolitical situation in Turkey and consumer demand for Turkey's hotels. Details of investments in joint ventures, including impairment charges and carrying values, are provided in Note 3.

3. Investments in joint ventures

	Investments in joint ventures £
Cost and net book value:	
At 1 October 2018	33,508,641
At 30 September 2019	<u>33,508,641</u>

List of investments in joint ventures at 30 September 2019:

Name of undertaking	Country of incorporation	Registered address	Share class	% held by directly by the Company	Total held by other Group companies
Bartu Turizm Yatirimlari Anonim Sirketi	Turkey	Ebulula Cad. Mayameridien, Plaza D.2 Blok, Kat:3 D:13 Akatlar, Istanbul	TRL 1.00 Ordinary shares	50.00	-

The Directors believe that the book value of all existing investments is supported by the higher of underlying net assets or their recoverable value.

4. Trade and other receivables

	As at 30 September 2019 £	As at 30 September 2018 £
Amounts due from Parent undertakings	<u>37,313</u>	<u>37,313</u>

Amounts due from Group undertakings are a call notice deposit account repayable on demand. FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG Group.

5. Called up share capital

	As at 30 September 2019 £	As at 30 September 2018 £
Authorised, issued and fully paid		
33,512,164 (2018: 33,512,164) ordinary shares of £1.00 each	<u>33,512,164</u>	<u>33,512,164</u>

6. Reserves

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

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

7. Contingent liabilities

The Company has guaranteed bank loans, jointly with the co-investors of its joint venture amounting to €72,336,765 and TRL 1,697,700 (2018: €60,541,176). The Company has guaranteed 50% of the value of these loans, which as at 30 September 2019 is €36,168,382 and TRL 848,850 (2018: €30,270,588).

8. Post balance sheet events

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Group's investment businesses, beginning in March 2020, as travel to overseas destinations was severely impacted, due to a change in most countries travel advice.

The Group continues to review its planned holiday programme for the remainder of summer 2020 and winter 2020 in the light of latest developments and will respond to any changes in travel advice the relevant authorities' issue when new information becomes available.

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.

9. Ultimate parent company and controlling party

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

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from 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.