

TUI Travel Overseas Holdings Limited
Annual Report and financial statements
for the financial year ended 30 September 2021
Company number 04998708



	Page
Directors and other information	2
Strategic Report	3-14
Directors' Report	15
Directors' responsibilities statement	16
Independent auditor's report	17-19
Statement of Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Notes to the financial statements	23-38

TUI Travel Overseas Holdings Limited
Directors and other information

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The Directors present their Strategic report on the audited financial statements of TUI Travel Overseas Holdings Limited (the "Company") for the year ended 30 September 2021.

Principal activity

The Company's principal activity during the financial year continued to be that of an intermediate holding company within the TUI AG group of companies (the "Group") and will remain as such for the foreseeable future.

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 2021 £'000	Financial year ended 30 September 2020 £'000
Loss before taxation	(70,984)	(12,740)
Net current assets	5,789	1,911
Net assets	108,441	176,028

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 direct and indirect trading subsidiaries operate across all sectors of the Group and mainly comprise destination services businesses and their intermediate holding companies. Since the Company is an intermediate parent company, the Company's business performance and key performance indicators are driven by the underlying operating performance of its subsidiaries and the capital structure of the Company. The operational performance of its subsidiaries is dependent upon the performance of the rest of the Group, particularly the "UK & I Business", which includes the following principal trading entities: TUI UK Limited; TUI Airways Limited; Marella Cruises Limited; TUI UK Retail Limited; TUI Ireland Limited and TUI UK Transport Limited). A full list of all subsidiaries, joint ventures and associates is provided in Notes 11, 12 and 13 of these financial statements.

Amounts written off investments for the year ended 30 September 2021 totalled £86,111k (2020: £8,902k) following reviews of the carrying value of all its investments, further details of which are included in Notes 11, 12 and 13. The Company received no dividends from its subsidiaries during the year (2020: £nil)

The Company's loss before taxation for the year ended 30 September 2021 was £70,984k (2020: loss £12,740k). An interim dividend of £nil was paid during the year (2020: £nil) and the Directors do not propose the payment of a final dividend (2020: £nil).

During the year ended 30 September 2021, the Company increased its investment in TT Hotels Croatia d.o.o. (formerly Karisma Hotels Adriatic), as a result of which, this investment moved from a joint venture to a subsidiary undertaking.

The worldwide pandemic resulting from the spread of the COVID-19 virus continued to have a significant affect upon the Company's business during FY21.

Travel restrictions in Ireland were put back in place in September 2020 and the Irish holiday programme, including Crystal Ski Ireland, was cancelled until the 18 July 2021. Since that date, the flying has recommenced in line with the relaxation of domestic restrictions. Customers due refunds for holidays cancelled as a result of the pandemic have mainly been offered cash refunds, however a small number of customers accepted CAR protected refund credit notes to the full value of any payments made towards these cancelled holidays, together with a separate rebooking incentive.

Review of the business (continued)

The UK programme was subject to significant and short notice changes throughout most of FY21, including a full suspension of operations during both the second and third national lockdowns in December 2020 and again in early 2021, until the Government Travel Taskforce reopening date of 17 May 2021. Between national lockdowns the business operated a small programme focussed on the Canary Islands, Madeira and certain long-haul destinations. Since 17 May 2021, the holiday and cruise programme recommenced, initially on a limited basis in line with the UK Government's traffic light list (updated approximately every three weeks) and recognising restrictions in place for UK arrivals in destination countries. Since this time, domestic travel restrictions have continued to be relaxed, in particular with the withdrawal of the Government Traffic light list and (from January 2022) a reduction in the testing burden for returning passengers, the extent of the programme has continued to expand. At the current time, the travel programme is dependent more on the restrictions in place in the destination countries than in the UK. These restrictions include pre-departure and arrival testing, vaccination requirements and isolation and quarantine periods which can (and do) differ between destination countries, resulting in a high level of complexity for both the business' operation and for travellers themselves.

Refunds have been offered to customers unable to travel because of domestic or overseas restrictions which resulted in the cancellation of the holiday programme. Prior to 31 March 2021, customers were offered ATOL protected refund credit notes for the full value of any payments made towards these holidays, together with a separate rebooking incentive. Cash refunds have been processed for any customer who preferred not to take a refund credit note or where the customer did not take an option to amend their holiday to a future travel date. In line with CAA guidelines, no new refund credit notes have been issued since 1 April 2021 and all impacted customers have been offered a cash refund in the first instance.

Following the expiry of the original ATOL protected refund credit notes on 30 September 2021, all customers with an outstanding refund credit note at that time were contacted to process a cash refund or to redeem their refund credit note on a new holiday. Some customers specifically requested to extend their existing refund credit notes and in line with CAA regulations the validity of these refund credit notes has been extended to 31 October 2022 for these specific customers.

Where customers are unwilling or unable to travel on a scheduled holiday, various policies now exist which allow customers the option to amend their holiday for free to a future departure date to give customers more flexibility.

Alongside the cancellation of the holiday programme, the UK & I business has taken a number of swift and decisive cost reduction measures, including furloughing of staff in response to reduced activity, temporarily closing the network of TUI Stores and a range of other measures which reduce the fixed cost base (Note 2). The UK & I business has also been working closely with its key suppliers to agree fixed cost reduction initiatives alongside agreements to defer or spread amounts due to be paid.

The UK & I business has benefitted from the UK & Irish Government measures put in place to mitigate the impact of the pandemic, including active participation in the Government's Job Retention Scheme/ Wage Subsidy Scheme and agreement with HMRC/relevant Irish tax authorities to delay the payment of certain business taxes. In addition:

- In December 2020, TUI AG agreed with private investors, banks and the German government on a further €1.8bn support package, including a rights issue of c€500m. The main aim of the package was to secure refinancing options and liquidity and strengthen the balance sheet structure of TUI AG. In addition to the issuance of new shares, the package included convertible and non-convertible silent participation provided by the Economic Stabilisation Fund (WSF) and a further credit line provided by KfW and private banks.
- In April 2021, TUI AG successfully issued convertible bonds with a total nominal amount of c€400m, followed by an announcement in June 2021 on the upsizing of the bonds through a nominal €190m tap issue.
- TUI delivered progress in its asset-right strategy by selling its stake in the real-estate portfolio consisting of 21 properties previously held jointly with Riu to the Riu family for an initial purchase price payment of €541m, with an additional potential earn-out of around €130m until 2023.

Review of the business (continued)

- At the same time, the Group negotiated a two-year extension of credit lines worth €4.7bn to July 2024. In addition, during the run-up to this extension, the covenant tests due as at 30 September 2021 and 31 March 2022 were agreed to be waived.

This funding is available for use by this Company and selected other companies within the TUI Group

Whilst domestic travel restrictions have gradually been eased, the ongoing impact of the COVID-19 pandemic both in the UK and overseas continues, particularly the latest news about the spread of the Omicron variant, to impact customer's willingness to book and travel on holiday. Early indications are that the now dominant Omicron variant of COVID-19 causes a less severe disease than previous variants of COVID-19 and combined with the impact of the vaccination and booster programmes in the UK and abroad, TUI fully expects restrictions in destinations to be reduced and therefore to further improve its working capital and liquidity position.

The demand for package holidays remains strong and we have seen a recent increase in bookings following the removal of arrival testing for passengers. Many customers whose holidays were impacted in 2020 and 2021 amended existing bookings to a future travel date and therefore the Summer 2022 seasons confirmed bookings continue to be higher at this stage in the selling cycle compared to pre-pandemic. Therefore, the fundamentals of the Company's business model outside of a pandemic remain strong once operations are able to resume.

Funding, liquidity, going concern and dividends

The Company's loss before taxation for the financial year ended 30 September 2021 was £70,984k (2020: loss £12,740k). An interim dividend of £nil was paid during the year (2020: £nil) and the Directors do not propose the payment of a final dividend (2020: £nil). At 30 September 2021, the Company had net assets of £108,441k (2020: £176,028k).

The Company will continue to act as an intermediate holding company, making both acquisitions and disposals in the future years. There is no intention to change this function in future years.

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 will allow the Company to continue its activities once all travel restrictions are lifted.

The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. This support includes setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future. The cash flows of the Company are managed centrally by the TUI UK & Ireland tour operator businesses, as are relationships with principal suppliers. Consequently, the majority of the Company's net cash inflow during the year relates to profit on disposal of investments, intercompany movements and the impact on the trade of its investments due to COVID-19 restrictions.

Details regarding the Company's financial commitments are contained in Note 21.

Post balance sheet events

Details of post balance sheet events can be found in Note 22.

Principal risks and uncertainties

Similarly to other external factors that have previously impacted our Group (e.g. the volcanic ash-cloud or grounding of the B737 Max fleet), we regard the COVID-19 pandemic as an event which has led to travel restrictions across the world, both within the Markets as well as in destination countries. This has led to several of our principal risks to materialise simultaneously, including: customer demand, input cost volatility, cash flow, destination disruption and security, health & safety. All of these principal risks continue to remain heightened throughout the pandemic.

Measures taken in order to react to this crisis have also heightened the principal risk profile. Therefore, the lack of integration risk has increased, due to the volume and speed of the transformation required within the Group in order to react to the impact; and the ability to attract and retain talent, due to the cost saving measures related to our employees.

Principal risks and uncertainties

The TUI AG Group has made a well-founded assessment of the main risks to the Group, taking into account future events that would jeopardise the business model, future results, solvency and liquidity for at least 12 months from the date of approval of these financial statements. The scenario used for the going concern assumption assumes that various Group divisions booking figures for the financial year 2021/22 will successively recover and that the booking behaviour in the financial year 2022/23 will largely correspond to the pre-pandemic level. Nevertheless, the customer bookings could be lower than expected on account of new travel restrictions, an insufficient vaccination rate against the COVID-19 virus in the single countries as well as on account of virus variants, such as the new Omicron virus variant, for which there may not be sufficient vaccination protection and could thus affect the development of the TUI AG Group.

The risks listed are the principal risks to which we are exposed but are not exhaustive and will evolve over time due to the dynamic nature of our business.

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 financial risk; including credit risk, liquidity risk and cash flow risk.

The vast majority of our trade receivable balance is due from subsidiary undertakings of the Group which have a low 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) The Group 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.

- **Profitability of the Company's subsidiaries and dividends received.** Dividends received from the Company's subsidiaries are variable and the timing and amount of each dividend is dependent upon the long-term success and profitability of each subsidiary. Since the majority of the Company's profits are generated by dividends received from its subsidiaries, the Company's profitability from one year to another can therefore vary significantly.
- **Recoverability of the carrying value of investments.** The Company provides capital to its subsidiary undertakings when necessary in order to promote their long-term development and success. The recoverability of each investment will depend upon this long-term success and the future cash flows that are expected to be generated by each subsidiary. To the extent that future cashflows do not support the carrying value of the investment, an impairment is required to be recognised in the Company's Statement of Comprehensive Income.

Principal risks and uncertainties (continued)

- **Disruption within our destinations.** Providers of holiday and travel services are exposed to the inherent risk of external events affecting destinations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as the ongoing COVID-19 pandemic; 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. 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. The risk has heightened due to COVID-19 whereby the Group is experiencing more destination disruption due to constant changes in travel advice and corridors.
- **Reduction in 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 as well as the desire to travel of our customers. This could impact our short-term growth rates and lead to margin erosion. This risk has heightened due to customer demand being significantly impacted by the COVID-19 pandemic.
- **Volatility of input cost.** A significant proportion of the operating expenses are in non-local currency which therefore exposes the business to fluctuations in both exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. As a result of the pandemic there is also a risk that there will be no hedging lines available to put in place hedges to manage the volatility of future seasons. There is also the risk that if our hedging policy is too rigid, e.g. when the majority of the competitors in a source market do not hedge (a certain destination), 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, such as those currently being experienced as a result of the pandemic, 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.
- **Insufficient cash flow.** 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. As a result of the COVID-19 pandemic the Group has experienced increasing challenges to the cashflow profile. This is due to operational activity being significantly reduced during the summer months, which is the time when the majority of cash balances are received from customers. We are also experiencing a significantly shorter booking profile whereby customers are booking very close to departure and therefore cash deposits are received later than previous booking patterns and the cash balances are subject to higher short-term movements.
- **Brexit.** This has given rise to some uncertainty in the areas of employment of UK employees working in the EU predominately in relation to our overseas service reps. The uncertainty focuses on additional working visa requirements and whether we can continue to send the volume of UK employees overseas. This risk is partially mitigated, as we have implemented a TUI App and have a 24/7 contact centre. In addition, we are able to utilise the service rep's supporting other source markets within TUI and currently our overseas reps are supporting multiple source markets.

Customers could be required to have a visa if visiting certain destinations. Some Non-EU countries already request this and there is an established process to make this requirement as customer friendly as possible if such requirements are implemented.

Principal risks and uncertainties (continued)

- **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.
- **Security, health & safety breach.** For all providers of holiday and travel services, ensuring the security, health and safety of customers is of paramount importance. There is the risk of accidents or incidents occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday. This could result in reputational damage to the business and/or financial liabilities through legal action being taken by the affected parties. This is particularly important during the pandemic where health & safety is under more scrutiny and requirements are continuously changing.
- **Reliance on key suppliers.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft and cruise ships. This is heightened by the industry convention of paying hoteliers in advance ('prepayments') to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service. There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers
- **Lack of integration and flexibility within operations and IT systems.** Our focus is on enhancing our operations and 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 top line growth.

Although the Group's strategy has ensured that we are more vertically integrated, which has reduced impact of disruption by pure digital players, a lack of integration and flexibility within our systems and operations, particularly in the Markets & Airline businesses could impact on our cost base. This would therefore impact on our competitiveness, our ability to provide a superior customer experience as well as on quality and operational efficiency.

The COVID-19 pandemic has heightened this risk due to the shorter timescales required to deliver the integration of our businesses and flexibility of the IT systems and therefore there are a number of transformation projects currently in place to mitigate this risk.

- **Lack of sustainability improvements.** For the Group, economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our business. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector. Our focus is to reduce the environmental impact of our operations 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. There is a risk that we are not successful in driving 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 maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage and reduction in demand for our products and services.
- **Disruption to IT systems (cyber-attacks).** Our responsibility is to protect the confidentiality, integrity and availability of the data we process for our customers, employees, and businesses. This is an evolving risk due to increased global cyber-crime activity and regulations (e.g. GDPR). At the same time our consolidation under the TUI brand and our increasing dependence on online sales and customer care increases our exposure and susceptibility to cyber-attacks. 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)

- **Inability to attract and retain talent.** Our success depends on the ability to attract, retain and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability and maintain the commitment and trust of our employees. Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximise on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence. This risk has increased this year as a result of the cost saving measures related to our employees as well due to the tourism industry becoming a less attractive sector during the pandemic.

During the 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 35-49 of the TUI AG 2021 Annual Report. Details of where these financial statements can be obtained are in Note 23 of these financial statements.

Section 172 statement

All of the companies within the TUI AG group of companies (the "Group") comply with the group governance structure.

Due to the requirements of Section 172(1) (a) to (f) of the UK Companies Act 2006, certain of the UK registered companies within the Group must include within the Strategic report of the Annual Report and financial statements, a Section 172 statement. This discloses how the Directors of each company have addressed the matters set out in Section 172(1) (a) to (f) of the UK Companies Act 2006.

By their nature, certain of the matters disclosed are not relevant for all of the companies listed below e.g. employee related disclosures, as not all of the companies listed have employees.

The Directors have included the same disclosures in each of the companies listed below for the Section 172 statement in the companies' Annual Report and financial statements.

TUI UK Limited
TUI UK Retail Limited
TUI UK Transport Limited
TUI Airways Limited
Marella Cruises Limited
TUI Travel Limited
TUI Travel Holdings Limited
TUI Travel Overseas Holdings Limited
TUI Travel Aviation Finance Limited
TUI Group Fleet Finance Limited
TUI Travel Group Solutions Limited
First Choice Holidays Limited

The Annual Report and financial statements for each of the companies listed above can be found on the Companies House website <https://find-and-update.company-information.service.gov.uk>

During the financial year the Directors of the Company, both individually and together, acted in a way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, based on information available to them at the time.

Section 172 statement (continued)

The Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the UK Companies Act 2006 in the following ways:

- **Risk management.** The dynamic nature of the travel industry requires the Board of Directors to respond to opportunities or emerging issues as they occur, therefore the Directors fulfil their duties through a governance framework that delegates day-to day decision making to the management of the Company, which reflects the highly regulated environment in which the Group operates. The Board is also able to draw on the TUI AG Board's wealth of experience when taking decisions which will have a long-term impact on the Company.

The 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. Details of the principal risks and uncertainties the Company faces can be found in the Strategic report of the Annual Report and financial statements which can be found on the Companies House website <https://find-and-update.company-information.service.gov.uk>

- **Our people.** Our success depends on the ability to attract, retain and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders.

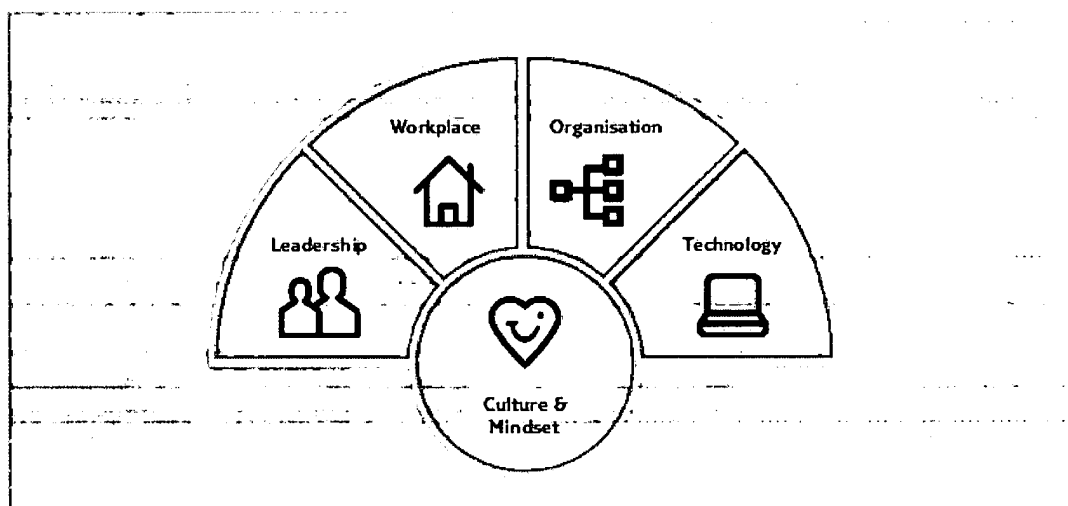
The COVID-19 pandemic again posed significant challenges for the tourism sector and hence also TUI Group and our employees in financial year 2021.

The measures already adopted in the previous financial year such as salary cuts, unpaid leave, vacancy freezes and other measures to reduce staff costs were therefore continued in financial year 2021 for the duration of restricted business operations.

Before the pandemic, TUI Group was well on its way towards becoming a Digital Platform Business. This evolution has accelerated even faster due to COVID-19. Mobile working using web-based applications has become the norm for many employees and will also shape future collaboration. Reflecting these unique circumstances, we have globally launched in August 2021 the TUI Way of Working to provide a holistic framework for all the challenges and the world of working of tomorrow.

The TUI Way of Working is our common vision of what work at TUI looks like and how it is organised on a global level, which can be adapted locally. We will use it to create a culture of trust that enables a sense of belonging for colleagues, wherever they choose to work, giving them flexibility whilst keeping performance and efficiency high. The key message for this vision is that 'work is something we do, not somewhere we go'.

TUI Way of Working



Section 172 statement (continued)

- **Our people (continued).** The TUI Way of Working contains four building blocks that focus on Leadership, Workplace, Technology and Organisation, with our Culture and Mindset providing a firm foundation for the whole concept. Naturally, our Culture and our Mindset are shaped by the central TUI values of 'Trusted, Unique, Inspiring'.
 - **Culture & Mindset:** We create a sense of belonging, with the TUI Values as our shared foundation, and strive to find new learning opportunities and help each other grow.
 - **Leadership:** Our leaders embrace change, empower our teams, and create an environment based on trust and openness.
 - **Workplace:** We choose hybrid formats and encourage use of our office spaces for creativity, networking, and collaboration.
 - **Organisation:** Our global teams and agility are the framework for our organisation, enabling an environment that fosters innovative ideas.
 - **Technology:** We will provide and use technology to optimise our hybrid working and collaboration opportunities.

The second half of financial year 2021 also saw the launch of:

- Global VIBE (Vision, Inspire, Build Teams, Execute), the Group-wide development programme for our leadership teams, in the framework of the TUI Way of Working. This programme enables our executives to expand their knowledge and build their skills, helping them in particular to bring the new global teams together and lead them.
- the new Group-wide TUI Workwide programme which enables employees to work abroad for up to 30 workdays per year if their role allows this. This makes TUI Workwide a key module in the TUI Way of Working. Trust is one of TUI's key values. That is why the programme was designed with a maximum of flexibility in mind. Our employees can freely choose where to work, the focus is on outcomes.

To enable our employees to assume responsibility for their own growth and career in a world characterised by constant change, the strategic Learning@TUI approach has continued, providing a great variety of learning content in the framework of leadership and management programmes.

In the light of the special conditions driven by the COVID-19 pandemic, it was important to offer our employees clarity and guidance. In order to offer our employees a simple tool to engage in dialogue, we continued to provide a 'light' version of our global Performance & Talent Management format Great Place to Grow. In doing so, we not only encourage all executives and their teams to provide feedback, but can also check their progress and show appreciation for their performance and engagement.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal communication channels which includes monthly face to face meetings, led by the Company's Directors and members of the leadership team.

The COVID-19 pandemic has caused a volatile work situation at TUI, which led to the decision to pause the TUIgether employee survey in 2020, as it would have delivered an incomplete snapshot without generating a profound data base for future decisions. As part of the crisis response, local business surveys were carried out to provide support to their employees during those challenging times and to gain insights to support the design of a future hybrid work model.

Once the pandemic's impacts are reduced, TUI will still be faced with a fast-paced and digitalised work environment. The chosen path for the future is therefore to evolve into a more holistic listening approach with a focus on Employee Experience. This concept will focus on three main types of surveys, that will be tailored to the specific needs of different participant groups. Lifecycle Surveys will focus on key moments in the Employee Journey to capture feedback that significantly impacts employee experience (e.g. onboarding, change of roles, returning from parental leave). Business Insight Surveys will be triggered by insight needs on topics for a specific target group of employees (e. g. transformation). The Global People Surveys are short (pulse) survey(s) for all TUI Group employees with focus on Engagement and other topics with a strategic impact.

Section 172 statement (continued)

- **Our people (continued).** Employees have access to a dedicated wellbeing intranet site at TUI. This offers a wealth of benefits and information to help colleagues deal with events and issues in everyday life, including support and resources available through the Employee Assistance Programme, AXA's Occupational Health service and ABTA's Lifeline charity trust for help when its needed most. Throughout the COVID-19 pandemic managers have been using normal communication channels to keep in touch and support their team. Senior leaders also engaged with all employees via regular Vlogs and update meetings on business performance.

Further information can be found on pages 84 - 92 of the TUI AG Annual Report 2021 which can be found on the TUI AG website www.tuigroup.com/en-en

- **Customers.** Customers appreciate TUI's flexible, safe, differentiated and highly service-oriented holiday experience offerings, specifically designed for their needs. Covering the whole customer journey, TUI holds multiple digital and physical touchpoints with its customers and therefore delivers a strong blend of digital and human interaction. TUI follows a customer centric approach, aiming to create long-term relationships with its customers. Personalized experiences and new product development is a strategic priority, intended to improve the value for money for our customers while driving demand for our products at the same time. Customer satisfaction questionnaire scores are a key performance indicator used by the Board.

Our safety and hygiene concepts on the road and in the local hotels are effective and are regularly reviewed and revised. We have also revised and expanded our products and services to meet new customer needs. Flexible cancellation and rebooking options are now much more important than last-minute bargain prices.

There is a growing trend in ethical and sustainability concerns being a factor in consumer choices. Embedding sustainability into our brand and raising customer awareness are key priorities. We want to stimulate demand for more sustainable holidays by showing customers how these contribute to a better holiday experience and highlighting the role they can play in driving a positive change.

- **Suppliers.** Our supply chain covers thousands of suppliers in more than 90 countries, including manufacturers of aircraft and cruise ships, laundry and other services provided to our hotels, tourist guides and other services our customers use in destination.

We believe that a shared commitment to conducting business with integrity ensures sustainable, long-lasting relationships where all parties benefit. We ask our business partners and suppliers to support the principles set out in our TUI Supplier Code of Conduct and to promote them throughout their own supply chain. Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers. The code includes guidance on human rights and labour laws, bribery and corruption, environmental impacts and support for local communities.

We have also:

- incorporated environmental and social requirements into contracts for our accommodation suppliers as well as other areas of procurement.
 - require our hotel suppliers to implement credible sustainability 3rd party certifications recognised or approved by the Global Sustainable Tourism Council (GSTC).
 - require our business partners by contract to observe all national and international anti-corruption laws applicable to the supplier relationship.
- **Community and environment.** Economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company and beyond. We firmly believe that sustainable development is critical for long term economic success. Together with our many partners around the world, we are actively committed to promoting sustainable development in the tourism sector.

Section 172 statement (continued)

- **Community and environment (continued).** In the financial year under review, TUI Group's international sustainability team focussed on developing TUI's Sustainability Agenda. New priorities and strategic directions for TUI's future sustainability activities were drawn up in consultation with internal and external stakeholders, taking account of current challenges, global scenarios and mechanisms such as the EU Green Deal. Alongside the work invested in finalising the Sustainability Agenda, a number of specific initiatives were launched, in particular with a view to reducing our carbon footprint (adoption of an Emission Roadmap) and promoting a circular economy (training programmes and cooperation with suppliers).

With the next phase of our Sustainability Agenda, we will enter a decade of sustainable transformation. Our ambition is to continue to lead the industry and to actively shape a more sustainable future for tourism. Our next steps will be anchored in core deliverables, building on the significant progress made – with a focus on:

- Empowering communities in destinations
- Driving transformation by increasing and sharing knowledge through educational initiatives open for many
- Reducing our environmental footprint (energy, waste, water) and working with science-based emissions targets
- Working with partners across the tourism industry and outside to accelerate the transformation beyond TUI
- Introducing industry-leading initiatives (e. g. on the topic of circularity or sustainable destination management)

In active pursuit of this sustainable transformation, TUI also launched its Sustainability Academy in the period under review. This online learning platform enables TUI Group employees to undergo further training around sustainability, and in particular around TUI's strategic priorities.

Further information and details on the TUI Group Sustainability strategy and implementation can be found on pages 75 - 81 of the TUI AG Annual Report 2021 which can be found on the TUI AG website www.tuigroup.com/en-en

- **Business conduct.** In implementing our business activities, we have to comply with many national and international laws and rules as well as internal policies. However, our understanding of Compliance goes beyond respecting laws and regulations, as we shift our Company's culture away from a purely rule-based approach towards a living culture of integrity. Behaviour violating integrity principles may not only have legal consequences but can also result in lasting damage to the reputation of our Company. Our Compliance Management System aims to promote integrity and prevent potential misconduct, making liability risks manageable for the Company, its legal representatives, executives and employees and thereby protecting the Company's reputation. It is a fundamental component in our commitment to corporate, environmental and social responsibility in our actions.

Our Integrity Passport is binding for all employees, from Executive Board members to trainees, and for all managed Group companies. The Integrity Passport serves as the guiding principle for our Executive Board, managements, executives and employees alike. It provides orientation in key areas of people's day-to-day work and in conflict situations: fair competition, anti-bribery and anti-corruption, appropriate gifts and hospitalities, protection of our business secrets, data privacy, handling conflicts of interest, prevention of insider trading, maintaining proper accounts and financial records, anti-money laundering, trade restrictions, respectful dealings with each other, sustainability, and public communications about TUI and how to raise a concern.

As a regulated travel business, the Company's general counsel works closely with travel lawyers to ensure the Board is aware of the relevant licencing requirements and good business practice. The Board is committed to ensuring good business practice throughout the business and drives this both through the risk management process described above, by carrying out regular functional reviews, and by commissioning external experts to review compliance with new rules and regulations.

Section 172 statement (continued)

- **Business conduct (continued).** The key travel regulators in respect of the travel industry are:
 - the Civil Aviation Authority (CAA) which is responsible for the regulation of aviation safety in the UK, determining policy for the use of airspace, the economic regulation of Heathrow, Gatwick and Stansted airports, the licensing and financial fitness of airlines and the management of the ATOL financial protection scheme for holidaymakers
 - ABTA, the UK's largest travel association, which represents travel agents and tour operators. ABTA protection is designed to enforce standards and provide insurance for holidaymakers in the event of financial problems for travel companies.
 - the Commission for Aviation Regulation (CAR) which regulates certain aspects of the aviation and travel trade sectors in Ireland
 - the Competition and Markets Authority who work to promote competition for the benefit of consumers, both within and outside the United Kingdom and protect consumers from unfair trading practices.

Regular management information is made available to the travel regulators as well as key lenders to the group.

Further information on integrity and compliance can be found on pages 118 - 120 of the TUI AG Annual Report 2021 which can be found on the TUI AG website www.tuigroup.com/en-en

- **Shareholders.** The Company is a fully owned subsidiary and forms part of TUI Group. Information and details on transparency can be found within the Corporate Governance Report of TUI Group on pages 109-120 of the TUI AG Annual Report 2021 which can be found on the TUI AG website www.tuigroup.com/en-en

Streamlined Energy and Carbon Reporting

Across the TUI Group, dedicated and experienced sustainability professionals work in close collaboration with senior management at Group and at divisional level to help ensure that TUI's business and sustainability strategies are aligned. As part of TUI's sustainability management approach, the corporate headquarters has been successfully audited against the ISO 14001:2015 environmental standard. TUI AG is represented on the sustainability index FTSE4Good. In 2021, TUI participated in the CDP Climate-Change programme and in the S&P Dow Jones Sustainability Index Assessment and engaged in dialogue with other researchers.

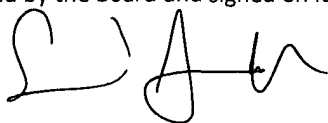
Respecting the environment in our products, services and processes is an essential feature of our quality standards. We place priority on improving carbon and resource efficiency, with a focus on waste and water consumption. Conserving natural resources and mitigating negative environmental impacts are both in the interests of our business as well as the future success of travel and tourism.

Actions in our sustainability strategy aim to reduce the environmental intensity of our operations and set clear stretch targets for improvement across aviation, cruise, hotels, offices, retail shops and ground transport. The Group has implemented specific carbon reduction initiatives across the business – from airline and cruise efficiency programmes, hotel certifications, to retail energy savings and the reduction of printed brochures.

TUI Group is set to launch its new sustainability strategy in 2022. Further information can be found on pages 75-81 of the TUI AG Annual Report 2021.

As a Group intermediate holding company within the TUI AG group of companies the Company consumed less than 40MWh energy in the UK during the financial year. Consequently, the Company is considered to be a low energy user and therefore not required to make detailed disclosures of energy and carbon information.

Approved by the Board and signed on its behalf by



S K Arnold
Director

Directors and their interests

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

D J Burling
T Lindner
S K Arnold
G P Weaver

K M Clear (Company secretary)

Other Directors who served in the financial year were:

T G Pietzka (Resigned 1 April 2022)

Other Directors who were appointed after the financial year were:

Dr B Kaiser (Appointed 1 April 2022)

Independent auditors

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

Directors' insurance

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

Statement as to disclosure of information to auditors

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

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.

Post balance sheet events

Details of post balance sheet events can be found in Note 22.

Employee engagement and business relationships

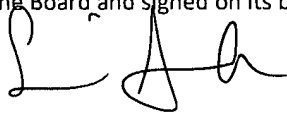
During the financial year the Directors of the Company, both individually and together, acted in a way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, based on information available to them at the time. Full Section 172 disclosures covering employee engagement and business relationships can be found in the Strategic Report.

Streamlined Energy and Carbon Reporting

Environmental sustainability is a fundamental management principle and a cornerstone of TUI Group's strategy. Disclosures covering emissions and energy consumption are therefore included in the Strategic Report.

Approved by the Board and signed on its behalf by

S K Arnold
Director



Company Number 04998708

Dated 27 June 2022

Directors' responsibilities statement

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

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

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

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

The Directors are responsible for:

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TUI Travel Overseas Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss 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 23.

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.

Conclusions relating to going concern

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

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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licences, environmental regulations, GDPR, employment law, health and safety and building regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

27 June 2022

TUI Travel Overseas Holdings Limited
Statement of Comprehensive Income for the financial year ended 30 September 2021

		Financial year ended 30 September 2021	Financial year ended 30 September 2020
	Note	£'000	£'000
Administrative income /(expenses)		12,232	(3,932)
Operating profit/(loss)		12,232	(3,932)
Amounts written off investments	11	(86,111)	(8,902)
Profit on disposal of investments in JV's	12	2,663	-
Loss before interest and taxation		(71,216)	(12,834)
Finance income	7	233	95
Finance expense	8	(1)	(1)
Loss before taxation	9	(70,984)	(12,740)
Tax expense	10	(65)	(25)
Loss for the financial year attributable to owners of the Company		(71,049)	(12,765)
Total Comprehensive Loss for the financial year, net of tax, attributable to owners of the Company		(71,049)	(12,765)

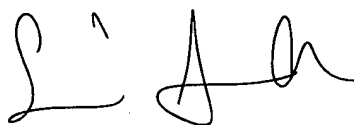
TUI Travel Overseas Holdings Limited
Statement of Financial Position as at 30 September 2021

		As at 30 September 2021	As at 30 September 2020 Restated
	Note	£'000	£'000
Non-current assets			
Investments in subsidiaries	11	68,413	127,921
Investments in joint ventures	12	-	12,440
Investments in associates	13	-	3,754
Non-current trade and other receivables	14	28,549	30,002
Non-current interest-bearing loans and receivables	15	5,690	-
		102,652	174,117
Current assets			
Trade and other receivables	14	3,023	2,467
Cash and cash equivalents		2,914	-
		5,937	2,467
Total assets		108,589	176,584
Current liabilities			
Interest bearing loans and borrowings	16	-	(473)
Trade and other payables	17	(148)	(83)
		(148)	(556)
Total liabilities		(148)	(556)
Net current assets		5,789	1,911
Total assets less current liabilities		108,441	176,028
Net assets		108,441	176,028
Equity			
Called up share capital	18	286,258	262,796
Ordinary share capital in process	19	-	20,000
Retained losses	19	(177,817)	(106,768)
Total equity attributable to owners of the Company		108,441	176,028

The prior year comparatives have been restated, please refer to Note 14 for details.

The notes on pages 23 to 38 form part of these financial statements.

The financial statements on pages 20 to 38 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



S K Arnold
Director

Company Number 04998708

Date: 27 June 2022

TUI Travel Overseas Holdings Limited
Statement of Changes in Equity for the financial year ended 30 September 2021

	Note	Called up share capital £'000	Ordinary share capital in process £'000	Retained losses £'000	Total equity £'000
At 1 October 2019		245,960	-	(94,003)	151,957
Total Comprehensive Loss for the financial year		-	-	(12,765)	(12,765)
Issue of share capital		16,836	-	-	16,836
Capital in process	18	-	20,000	-	20,000
At 30 September 2020		262,796	20,000	(106,768)	176,028
Total Comprehensive Loss for the financial year		-	-	(71,049)	(71,049)
Issue of share capital	18	23,462	(20,000)	-	3,462
At 30 September 2021		286,258	-	(177,817)	108,441

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered 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 04998708.

The principal activity of the Company continues to be that of an intermediate holding company within the TUI AG group of companies (the "Group").

2. Basis of preparation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. See Note 23 for details on where the Company is included in consolidated financial statements.

These financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS. Further details can be found in Note 4.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the review of the business section of the Strategic Report on pages 3 to 9.

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 UK and overseas Government travel advice, quarantine and testing requirements, which in turn are linked to the extent of the vaccination and booster program in the various countries in which the Company operates and the prevalence of existing and new variants of the disease. Customer sentiment towards leisure travel continues to be highly impacted by changes to travel restrictions (both positive and negative) but overall customers are booking their leisure travel much closer to their expected travel date than before the crisis.

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

The global travel restrictions to contain COVID-19 had a strong negative impact on the Group's earnings and liquidity development from the end of March 2020 and also throughout the 2021 financial year. To cover the resulting liquidity requirements, the TUI Group have undertaken the following measures:

- In the financial year 2020, received financing measures in two steps from the Federal Republic of Germany, in particular in the form of a credit line from KfW totalling €2.85bn and bonds and warrants from the Economic Stabilization Fund (ESF) in the amount of €150m with initial option rights to around 58.7m shares. The option bond was issued to the Economic Stabilization Fund on 1 October 2020.
- In January 2021, TUI AG agreed a further financing package of €1.8bn with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF) which included an €509m share issue. In addition, an additional collateralised syndicated credit facility of €200m was agreed with KfW and six private banks. The term of the new credit line was adjusted to July 2022 to match the existing syndicated credit line.

2. Basis of preparation (continued)

Going concern (continued)

- In February 2021, TUI repaid the outstanding senior bond (October 2016 – October 2021) of €300m early.
- In April 2021, TUI AG successfully completed an offering of senior unsecured bonds convertible due in 2028 with an aggregate principal amount of €400m. The Bonds have a denomination of €100,000 per Bond and a coupon of 5.00% per annum, payable semi-annually in arrears. The issue was c. 2-times over-subscribed. With the successful offering TUI plans to start the refinancing of loans from the COVID-19 stabilisation packages. Unless previously converted, redeemed or repurchased and cancelled, the convertible bonds will be redeemed at their principal amount on 16 April 2028. Investors also have the possibility to convert the bonds into new and/or existing no-par value ordinary registered shares of TUI. The initial conversion price was set at €5.3631, representing a conversion premium of 25% above the reference share price of €4.2905. During July 2021, this has been topped up. The new convertible bonds have a total nominal amount of just under €190m and can be converted into new and/or existing shares in TUI. They were issued with the same conditions (except for the issue price) as the convertible bonds issued in April.
- In July 2021 TUI AG agreed with the 19 private banks and KfW to extend the maturity of the credit lines totalling €4.7bn by two years to Summer 2024. Based on TUI's current rating, the margin after extension for the RCF tranches will be 4.50% per annum. The financial covenants in respect of the external bank Revolving Credit Facility have also been suspended in respect of September 2021 and 31 March 2022.
- In July 2021, TUI AG successfully completed the sale of its minority stake in a property portfolio to the Riu family for an initial purchase price payment of €541m, with an additional potential earn-out of around €130m deferred until 2023.
- In October 2021, TUI AG successfully completed its second rights offering in 2021 year. The gross proceeds amount to around €1.1bn. During the subscription period from 8 to 26 October 2021, existing shareholders were able to exercise their subscription rights and subscribe to new shares at a ratio of 10:21 for €2.15 per share. The proceeds from the capital increase will be used to decrease the drawdown on the KfW credit line and the banks' cash facility (RCF). On 1 April 2022 the credit facilities made available by the German government and private banks in the framework of the three stabilisation packages were reduced by €675m.
- A significant element of the Group's cost base relates to wages and salaries. Where possible, and subject to local regulations, staffing levels and hours worked have been reduced. Government support has been taken to offset staffing costs that continue to be incurred.
- Capital expenditure has been rephased or delayed
- Actions have been taken to defer or reduce payments of fixed costs and unpaid variable costs from the pre-crisis period, including agreements with Government fiscal authorities on certain tax payments
- Progress delivered in the Global Realignment Programme – ~ 60 % of the planned annual savings of €400m were delivered by the end of the financial year under review
- Invoked force majeure in relation to the guaranteed capacity within certain hotel accommodation contracts in relation to Winter 2020/21 and Summer 2021 seasons.

The TUI AG Group has made a well-founded assessment of the main risks to the Group, taking into account future events that would jeopardise the business model, future results, solvency and liquidity for at least 12 months from the date of approval of these financial statements. The scenario used for the going concern assumption assumes that various Group divisions booking figures for the financial year 2021/22 will successively recover and that the booking behaviour in the financial year 2022/23 will largely correspond to the pre-pandemic level. Nevertheless, the customer bookings could be lower than expected on account of new travel restrictions, an insufficient vaccination rate against the COVID-19 virus in the single countries as well as on account of virus variants, such as the new Omicron virus variant, for which there may not be sufficient vaccination protection and could thus affect the development of TUI Group.

In June 2022, TUI AG, agreed to provide financial support to the Company in order that it can continue to meet its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors' acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have a reasonable expectation that it will.

In late February 2022, hostilities escalated in Ukraine leading to an invasion by the Russian armed forces. The current financial impact of this on the Group and Company is being closely monitored.

2. Basis of preparation (continued)

Going concern (continued)

The Directors, having assessed the responses of the Directors of TUI AG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the TUI AG group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of TUI AG, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Functional and presentational currency

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

3. Summary of significant accounting policies

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

Amendments to IFRSs

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

Standard	Amendment	Impact on Financial Statements
Amendments to IAS 1 & IAS 8 Definition of Materiality	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No impact
Framework Amendments to References to the Conceptual Framework in IFRS Standards	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impact
Amendments to IFRS 3 Definition of a Business	The amendments to IFRS 3 clarify the definition of a business and make it easier for entities to determine whether an acquisition transaction results in recognition of a group of assets or a business.	The assessment process used to determine whether an acquisition of a subsidiary falls into the scope of IFRS 3 was revised in the reporting period. As a result, accounting for acquisitions of hotel companies, in particular, will now be assessed on this revised basis.

3. Summary of significant accounting policies (continued)

Amendments to IFRSs (continued)

Standard	Amendment	Impact on Financial Statements
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase 1)	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also must disclose the extent to which their hedges are affected by the interest rate benchmark reform.	Not material

Operating profit/(loss)

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

Foreign currency translation

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

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

The results and financial position of all businesses that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and
- all resulting exchange differences are recognised in Other Comprehensive Income.

Finance income

Interest receivable recognised in the Statement of Comprehensive Income mainly comprises interest receivable on bank accounts and interest receivable on amounts due from Group direct and indirect subsidiaries.

Finance expenses

Interest payable recognised in the Statement of Comprehensive Income mainly comprises interest expense on amounts due to Group direct and indirect subsidiaries, interest on bank loans and overdrafts.

Current and deferred tax

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3. Summary of significant accounting policies (continued)

Current and deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

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

Investments

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/has a legal right to recognise the asset. When recognised for the first time, they are either classified as at amortised cost or at fair value, depending on their objective. Financial assets are classified as financial assets at amortised cost when the objective of the Company's business model is to hold the financial assets to collect contractual cash flows, and when the contractual terms and conditions of the assets exclusively constitute interest and principal payments on the nominal amount outstanding.

For the financial assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. The expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information. The expected credit loss using the "general approach" is based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12 month expected credit losses.

Impairments and reversals of impairments are included in "Impairment of financial 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.

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

Cash and cash equivalents

Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments. Bank overdrafts are shown in current liabilities within the Statement of Financial Position.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividend income is recognised when the right to receive payment is established. For interim dividends from UK subsidiaries, this is the period in which the dividends are received. For final dividends from UK subsidiaries or from overseas subsidiaries where the deduction of the dividend is legally obliging on that entity, the dividend is recognised at the date of the declaration. Dividend income is also recognised by the Company when subsidiaries or other Group entities undertake obligations on behalf of the Company for which the Company pays no direct financial costs.

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 and for interim dividends; this will be when they have been paid. Obligations incurred by the Company on behalf of its parent company or other Group entities for which the Company receives no direct financial benefit are also treated as dividend distributions.

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 23. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1.
	10(d) and 111	A statement of cash flows and related information.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
	40(a)	A third statement of financial position to be presented in certain circumstances, including retrospective restatement on change in accounting policy such as adoption of new standards.

4. Reduced disclosures permitted by FRS 101 (continued)

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly owned subsidiaries of the Group.

5. Critical accounting judgements, estimates and assumptions

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

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

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

Critical accounting judgements

There were deemed to be no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting estimates

Key estimates or assumptions concerning the future, and other key sources of uncertainty at the reporting period that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Investment in subsidiary undertakings, joint ventures and associates

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

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

The Directors have used both the net assets and future cash flows approaches to assess the Company's recoverable amount of investments in subsidiaries, joint ventures and associates. In view of the existing uncertainties regarding estimation of the recoverable amounts, an extended analysis of sensitivities was undertaken. A change of 10% in the value of net assets/future cash flows of the subsidiaries, joint ventures and associates would have caused the impairment to increase by £2,233k or decrease by £2,233k. Details of investments in subsidiaries, joint ventures and associates, including impairment charges and carrying values, are provided in Notes 11, 12 and 13.

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

Critical accounting estimates (continued)

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

Judgement is required in the assessment of the carrying amount of financial assets held at amortised cost.

Estimation of the expected credit loss using the “simplified approach” requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information.

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

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

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

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

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

For those balances where the simplified approach was undertaken, a change in ECL rate of:

- +10% would have caused the loss allowance to increase by £nil; and
- -10% would have caused the loss allowance to decrease by £nil

For those balances where the general approach was undertaken, two methods of calculation were used:

- future discounted cashflows (“DCF”) derived from medium-term corporate planning as at 30 September 2021 were reviewed where available to determine the expected credit loss.
- scenarios were derived which reflected the different expected outcomes in respect of settlement.

A change in of 10% in the DCF and in the ECL rate derived by the scenario method would have caused the loss allowance to increase by £nil or decrease by £nil.

6. Employees and Directors

The Company had no employees during either the current or prior year.

Directors’ remuneration

The Directors received no remuneration for their services as Directors of the Company (2020: £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 (2020: £nil). It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of Directors’ emoluments disclosed in the financial statements of another Group company.

7. Finance income

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Interest from Group undertakings	233	56
Bank interest income	-	39
	<u>233</u>	<u>95</u>

8. Finance expense

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Bank interest expense	1	1
	<u>1</u>	<u>1</u>

9. Loss before taxation

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Loss before taxation is stated after charging/(crediting): (Reversal)/impairment of financial assets - expected credit loss (Note 14)	(12,147)	3,970
Foreign exchange gains on financial items	(110)	(39)
Impairment of investments in subsidiary undertakings (Note 11)	86,111	8,902
Profit on disposal of investments in Joint Ventures (Note 12)	<u>2,663</u>	<u>-</u>

Impairment of financial assets - expected credit loss

Loans made to Magic Hotels SA (Tunisia), which were previously impaired, have had their impairments reversed. These loans were then converted to equity and the resulting increase in investment in equity was then impaired.

Auditor's remuneration

In 2021 and 2020, the auditor's remuneration was borne and paid by TUI UK Limited, and not recharged out.

10. Tax expense

The tax expense can be summarised as follows:

(i) Analysis of tax expense in the year

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Current tax:		
- Amounts payable to fellow subsidiaries for group relief	65	25
Total current tax	<u>65</u>	<u>25</u>
Total tax expense in the Statement of Comprehensive Income	<u>65</u>	<u>25</u>

10. Tax expense (continued)

(ii) Factors affecting the tax expense in the year

The tax expense (2020: expense) for the year ended 30 September 2021 is lower than (2020: different to) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are shown in the table below:

	Financial year ended 30 September 2021 £'000	Financial year ended 30 September 2020 £'000
Loss before taxation	(70,984)	(12,740)
Loss multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	(13,487)	(2,421)
Effects of:		
- Expenses not deductible for tax purposes	16,361	2,446
- Income not taxable	(2,809)	-
Total tax expense in the Statement of Comprehensive Income	65	25

(iii) Factors affecting the future tax expense

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

At the Statement of Financial Position date, Finance Act 2021 had been substantively enacted confirming that the main UK corporation tax rate would remain at 19% before increasing to 25% from 1 April 2023. Therefore, at 30 September 2021, deferred tax assets and liabilities have been calculated based on the rate that is expected to apply when the deferred tax is reversed. The rate change will also impact the tax charged on UK profits generated in 2023 and subsequently.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2021 or 30 September 2020.

11. Investments in subsidiaries

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2020	302,759
Additions	22,849
Transfer from Investments in Associates	3,754
At 30 September 2021	329,362
Impairment:	
At 1 October 2020	174,838
Charged during the year	86,111
At 30 September 2021	260,949
Net book value:	
At 30 September 2021	68,413
At 30 September 2020	127,921

11. Investments in subsidiaries (continued)

Additions:

Additions in investments comprise the following transactions which occurred during the year ended 30 September 2021:

Investment additions	Date of addition	Number of shares acquired	Par value of share	Total consideration
				£'000
Magic Hotels SA	22 January 2021	4,362,480	TND 11,875	14,037
TT Hotels Croatia d.o.o.	3 March 2021	73,428,400	HRK 1.00	8,812
				<u>22,849</u>

Loans made to Magic Hotels SA (Tunisia), which were previously impaired, have had their impairments reversed. These loans were then converted to equity and the resulting increase in investment in equity was then impaired.

During the year ended 30 September 2021, the Company increased its investment in TT Hotels Croatia d.o.o. (formerly Karisma Hotels Adriatic). The investment additions were partly funded via the disposal of the Company's shares in its joint venture, Karisma Hotels Caribbean.

Amounts impaired during the year:

Following a review of the recoverable value of the Company's investments, the following impairments have been charged to the Statement of Comprehensive Income in the financial year to leave values of the subsidiaries equating to, and supported by, the proportion of the underlying assets attributable to the Company's shareholding:

Subsidiary	Impairment charge
	£'000
Magic Hotels SA	14,037
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	72,074
	<u>86,111</u>

The Directors have considered the requirements of IAS 36 and believe the recoverable amount of the investments to be the fair value less costs to sell. The subsidiaries future cash flows or net assets were reviewed to determine the value of the investments. As a result of this assessment, a total net impairment of £86,111k (2020: £8,902k) was recognised during the financial year.

List of investments in subsidiaries at 30 September 2021:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
Hannibal Tours S.A.	Tunisia	5 Rue Saint Fulgence Mutuelleville, Wandsworth,, Tunis 1002	TND10.00 Ordinary shares	0.01	51
Inter Hotel SARL	Tunisia	54 Rue du Niger, 1002 Tunis Belvedere	TND10.00 Ordinary shares	-	100
Itaria Limited	Cyprus	Capital Chambers 1, Constantinou Skokou, 5th Floor, Nicosia, P.C. 1061	€1.00 Ordinary shares	100	100
Magic Hotels SA	Tunisia	71 Rue Alain Savary, Tunis, 1003	TND50.00 Ordinary shares	100	100
Magic Life Egypt for Hotels LLC	Egypt	Magic Life Sharm El Shaeikh Hotel Resort, Nabq, Sharm El Sheikh, South Sinai Governorate, Egypt	EGP100.00 Ordinary shares	99.94	100
Magic Tourism International S.A.	Tunisia	Complexe Le Forum, No B42, 4e Etage, 1 Rue de Carthage, Ariana	TND100.00 Ordinary shares	97	98.50
Societe d'investissement et d'exploitation du Paladien Calcatoggio	France	Hotel Le Grand Bleu, Plage de Liscia, 20111, Calcatoggio.	€3.175 Ordinary shares	100	100
Travel Choice Limited	United Kingdom	Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN	£1.00 Ordinary shares	100	100

11. Investments in subsidiaries (continued)

List of investments in subsidiaries at 30 September 2021 (continued):

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
TT Hotels Croatia d.o.o. (previously Karisma Hotels Adriatic d.o.o.)	Croatia	Slavonska avenija 1C3, 10000 Zagreb, Croatia	HRK1.00 Ordinary shares	100	100
Adriasense d.o.o.	Croatia	Trg Drazena Petrovica 3, 10000 Zagreb	HRK20,000 Ordinary shares	-	100
Hoteli Kolocep d.d.	Croatia	Donje celo 45, Kolocep (City of Dubrovnik), 20221	HRK100.00 Ordinary shares	-	95.15
Hoteli Zivogosce d.d.	Croatia	Zivogosce (Općina Podgora), Porat 136	HRK10.00 Ordinary shares	-	95.66
KHA pet d.o.o.	Croatia	Trg Drazena Petrovica 3, 10000 Zagreb	HRK20,000.00 Ordinary shares	-	100
KHA tri d.o.o.	Croatia	Trg Drazena Petrovica 3, 10000 Zagreb	HRK20,000.00 Ordinary shares	-	100
TT Hotels Italia S.R.L.	Italy	Via Principessa Clotilde 7 Rome (RM) 00196	€1.00 Ordinary shares	100	100
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	Turkey	Güzeloba Mah. Havaalanı Cad. No:64 Plaza Batuhan, Muratpaşa / Antalya, D:6-7.	TRL1.00 Ordinary shares	100	100
Tunisie Investment Services Holding	Tunisia	Rue de Lengerie Solaire, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	2	51
Tunisie Voyages S.A.	Tunisia	Rue de Lengerie Solaire, Impasse No 4, La Chargura II, 2035, Tunisie	TND100.00 Ordinary shares	0.01	51
TUI Travel Distribution N.V.	Belgium	Gistelsesteenweg 1, B-8400 Oostende.	€61.50 Ordinary shares	51	100

12. Investments in joint ventures

Investments in joint ventures £'000

Cost:

At 1 October 2020

12,440

Disposals

(12,440)

At 30 September 2021

-

Impairment:

At 1 October 2020 and 30 September 2021

-

Net book value:

At 30 September 2021

-

At 30 September 2020

12,440

List of investments in joint ventures at 30 September 2021:

Name of undertaking	Country of incorporation and place of business	Registered address	Share class	% held directly by the Company	Total effective control held by Group companies
Bartu Turizm Yatirimlari Anonim Sirketi	Turkey	Ebulula Cad.Mayameridien, Plaza D.2 Blok, Kat:3 D:13 Akatlar, Istanbul.	€1.00 Ordinary shares	-	50

12. Investments in joint ventures (continued)

Disposals:

Disposals of investments comprise the following transactions which occurred during the year ended 30 September 2021:

	Date of disposal	% held directly by the Company	Total % held By Group companies disposed of	Net book value at disposal date £'000
Karisma Hotels Caribbean S.A	March 2021	50	50	12,440
Panac Hotel Dominicana S.R.L	March 2021	-	50	-
Panac Hotel Investments S.A.	March 2021	-	50	-
Sercomax S.R.L.	March 2021	-	50	-
Farnbury International S.A.	March 2021	-	50	-
				12,440

During the year ended 30 September 2021, the Company increased its investment in TT Hotels Croatia d.o.o. (formerly Karisma Hotels Adriatic). The investment additions were partly funded via the disposal of the Company's shares in its joint venture, Karisma Hotels Caribbean. The transaction resulted in a profit on disposal of £2,663k.

13. Investments in associates

Investments in associates £'000

Cost:

At 1 October 2020	3,754
Transfer to Investments in Subsidiaries	(3,754)
At 30 September 2021	-

Impairment:

At 1 October 2020 and 30 September 2021	-
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Net book value:

At 30 September 2021	-
At 30 September 2020	3,754

Transfers:

Transfer of investments in associates to investment in subsidiaries comprise the following transactions which occurred during the year ended 30 September 2021:

	Date of transfer	% held directly by the Company	Total % held By Group companies transferred	Net book value at transfer date £'000
TT Hotels Croatia d.o.o. (previously Karisma Hotels Adriatic d.o.o.)	3 March 2021	33.33	33.33	3,754
Adriasense d.o.o.	3 March 2021	-	33.33	-
Hoteli Kolocep d.d.	3 March 2021	-	33.33	-
Hoteli Zivogosce d.d.	3 March 2021	-	33.33	-
KHA pet d.o.o.	3 March 2021	-	33.33	-
KHA tri d.o.o.	3 March 2021	-	33.33	-
				3,754

13. Investments in associates (continued)

Transfers (continued)

During the year ended 30 September 2021, the Company increased its investment in TT Hotels Croatia d.o.o. (formerly Karisma Hotels Adriatic). The investment additions were partly funded via the disposal of the Company's shares in its joint venture, Karisma Hotels Caribbean. Adriasense d.o.o. merged with its parent company, TT Hotels Croatia d.o.o. on 19 November 2021.

14. Trade and other receivables

	As at 30 September 2021		As at 30 September 2020	
	Non-current	Current	Non-current Restated	Current Restated
	£'000	£'000	£'000	£'000
Amounts due from ultimate parent	-	-	-	2,467
Amounts due from other Group undertakings	25,957	-	30,002	-
Other receivables	2,592	3,023	-	-
	<u>28,549</u>	<u>3,023</u>	<u>30,002</u>	<u>2,467</u>

Amounts due from Group undertakings

Certain amounts classified as due from Group undertakings (excluding group relief) as at 30 September 2020, have been restated as they have been reclassified from current to non-current to reflect the fact that even though they are repayable on demand, the Company will not formally request payment of these balances within the next financial year.

Amounts due from Group undertakings are unsecured and repayable on demand. The total amounts due from Group undertakings amount to £25,957k (2020: £32,469k). £396k of this is interest free (2020: £32,469) whilst the remaining balance of £25,561k bears interest at a rate of LIBOR.

Expected credit losses of £12,147k were reversed (2020: £3,970k provided for) in the year. FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

15. Interest-bearing loans and receivables

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Amounts due from other Group undertakings	<u>5,690</u>	<u>-</u>
	<u>5,690</u>	<u>-</u>

Non-current loans of £2,605k are denominated in USD, bear interest at 5% and are due to be repaid on 31 December 2022 (2020: £nil).

Non-current loans of £3,085k are denominated in HRK, bear interest at 3% and are due to be repaid on 31 December 2022 (2020: £nil).

Expected credit losses of £nil (2020: £nil) were provided for in the year against these loans.

16. Interest bearing loans and borrowings

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Bank overdraft	<u>-</u>	<u>473</u>
	<u>-</u>	<u>473</u>

17. Trade and other payables

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Amounts due to fellow subsidiaries	30	30
Group relief payable	118	53
	148	83

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, interest-free and repayable on demand, totalling £148k (2020: £83k).

FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

18. Called up share capital

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Authorised		
286,257,860 (2020: 282,795,687) ordinary share of £1.00 each	286,258	282,796
Issued and fully paid		
286,257,860 (2020: 262,795,687) ordinary share of £1.00 each	286,258	262,796
Capital in process		
Nil (2020: 20,000,000) ordinary shares of £1.00 each	-	20,000
	286,258	282,796

On 21 September 2020, the Group Executive Committee of the TUI Group ("GEC") agreed the issue of 20,000,000 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00, for total cash consideration of £20,000,000 as part of the Group's recapitalisation transactions. The transaction was recorded in the year ended 30 September 2020 as it was irrevocable after GEC approval on 21 September 2020. The legal completion of the transfer took place in the financial year ended 30 September 2021 hence recorded as Capital in Progress as at 30 September 2020.

On 14 April 2021, the Company issued a further 3,462,173 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00, for total cash consideration of £3,462,173.

19. Reserves

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

Reserve	Description and purpose
Retained losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Capital in process	On 21 September 2020, the Group Executive Committee of the TUI Group ("GEC") agreed the issue of 20,000,000 ordinary £1.00 shares to its parent company TUI Travel Limited at par value of £1.00, for total cash consideration of £20,000,000 as part of the Group's recapitalisation transactions. The transaction was recorded in the year ended 30 September 2020 as it was irrevocable after GEC approval on 21 September 2020. The legal completion of the transfer took place in the financial year ended 30 September 2021 hence recorded as Capital in Progress as at 30 September 2020.

20. Related party transactions

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

21. Financial commitments

The Company is committed to guarantee the hotel lease obligations of Magic Hotels SA (previously Magic Life Tunisie SA) for Hotel Scheherazade, whose lease expires on 30 April 2023. The value of the indemnity provided by the Company as at 30 September 2021 was up to TND 1,900k.

All other guarantees, that the Company has given in respect of the indebtedness of other Group companies have expired.

22. Post balance sheet events

As described in Note 2, the worldwide pandemic resulting from the spread of the COVID-19 virus continued to have a significant affect upon the Company's business during FY21, as the majority of the Company's profits are generated by dividends received from its subsidiaries, whose operational performance is dependent upon the performance of the rest of the Group, particularly the "UK holiday business". The UK programme was subject to significant and short notice changes throughout most of FY21, including a full suspension of operations during both the second and third national lockdowns in December 2020 and again in early 2021, until the Government Travel Taskforce reopening date of 17 May 2021. Between national lockdowns the business operated a small programme focussed on the Canary Islands, Madeira and certain long-haul destinations. Since 17 May 2021, the holiday and cruise programme recommenced, initially on a limited basis in line with the UK Government's traffic light list (updated approximately every three weeks) and recognising restrictions in place for UK arrivals in destination countries. Since this time, domestic travel restrictions have continued to be relaxed, in particular with the withdrawal of the Government Traffic light list and (from January 2022) a reduction in the testing burden for returning passengers, the extent of the programme has continued to expand. At the current time, the travel programme is dependent more on the restrictions in place in the destination countries than in the UK. These restrictions include pre-departure and arrival testing, vaccination requirements and isolation and quarantine periods which can (and do) differ between destination countries, resulting in a high level of complexity for both the business' operation and for travellers themselves.

In October 2021, TUI AG successfully completed its second rights offering in 2021 year. The gross proceeds amount to around €1.1bn. During the subscription period from 8 to 26 October 2021, existing shareholders were able to exercise their subscription rights and subscribe to new shares at a ratio of 10:21 for €2.15 per share. The proceeds from the capital increase will be used to decrease the drawdown on the KfW credit line and the banks' cash facility (RCF). On 1 April 2022 the credit facilities made available by the German government and private banks in the framework of the three stabilisation packages were reduced by €675m.

In late February 2022, hostilities escalated in Ukraine leading to an invasion by the Russian armed forces. The current financial impact of this on the Group and Company is being closely monitored.

23. 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 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 its registered address, 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.