

FTI GROUP

UK TAX STRATEGY

31.10.2019

1. Introduction

FTI GROUP is one of Europe's leading Tour Operators offering holidays in more than 120 countries around the globe. Based in Munich, Germany FTI GROUP operates more than 130 companies in more than 25 countries in- and outside of Europe.

The following companies are part of FTI GROUP inside UK (UK GROUP):

- LAL Language Centres Holding Ltd., Torbay
- LAL Language Centres UK Ltd., Paignton
- LAL Management Services Ltd., Paignton
- Stelow Ltd., London
- YOUTRAVEL.COM Ltd., London

This document provides an overview about the tax strategy of FTI GROUP in relation to its UK GROUPs approach to tax risk management and attitude to tax planning in the U.K. With this document the UK GROUP fulfills its tax strategy publication requirements according to Part 2 of Schedule 19 Finance Act 2016.

This document is valid for the year ending 31. October 2019 and has been approved by the board of FTI GROUP. The document will be reviewed on a yearly base and will be adjusted if FTI GROUPs UK tax strategy changes. Till such an update happens, this document will remain effective. The strategy below applies to taxes in the U.K.

2. Tax Risk Management and Governance Arrangements

UK tax policy ultimately resides with the Board of Directors of the UK GROUP companies. Day to day management of the UK tax risk sits with the senior accounting managers who are reporting to the CFOs of the corresponding business divisions of FTI GROUP.

Central service functions like Group Controlling, Group Accounting, Internal Audit and Group Treasury, located at the FTI Headquarter in Munich Germany, supporting the local management and the senior accounting managers in their capability to manage the tax risks.

FTI GROUP has established a robust group wide reporting system which allows the controlling of all relevant economic key data. Additional to that FTI GROUPs code of conduct is binding the board members to ensure that all companies are acting fully legal compliant including a full tax compliancy. The internal control system and the adherence to the code of conduct are tested by FTI GROUPs Internal Audit department on a regular base.

3. Tax Planning

FTI GROUP enters into tax planning to support the achievement of strategic targets and to handle its commercial and administrative issues in an efficient way. FTI GROUP doesn't undertake transactions with the sole purpose of tax reduction. Transactions always have an economic substance and follow the commercial requirements of the business model.

Intra-group transactions are at all times in line with the actual version of the OECD transfer pricing rules and follow the arm's length principal.

4. Tax Risk

Tour Operating is an end consumer driven business and FTI GROUP is not prepared to accept any tax risks which could lead to reputational harm for the company.

Compliance with tax regulations is a key fact for minimizing the tax risk. FTI GROUP aims to be compliant with the tax regulations in all countries where it is operating in. To ensure that all necessary compliance steps are undertaken additional to the internal resources of FTI GROUP external tax advisory firms are used.

5. Relation to HMRC

FTI GROUP aims for complying with our legal obligations like tax filing, tax reporting and tax payments on a global level. Our relationship to HMRC is driven from transparency and cooperative behavior. In general it is the target of FTI GROUP to minimize disputes with tax authorities as a way to reduce tax risks. In case of different opinions on single topics between FTI GROUP and HMRC, FTI GROUP wants to work collaboratively and pro-active with the authorities to find jointly acceptable solutions

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