TUI Ireland Limited
Annual Report and financial statements
for the financial year ended 30 September 2020
Company number 2220337

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Contents

Directors	HLP Andersson A Flintham
Registered Office	Wigmore House Wigmore Lane Luton LU2 9TN
Independent Auditor	Deloitte LLP Statutory auditor 1 New Street Square London EC4A 3HQ United Kingdom
Bankers	Allied Irish Banks plc 126-128 Chapel Street Dublin 1 Citibank N.A Canada Square Canary Wharf London E14 5LB
Solicitors	William Fry Solicitors Fitzwilliam House Wilton Place Dublin 2
Registered number	2220337

The Directors present their Strategic Report on TUI Ireland Limited (the "Company") for the financial year ended 30 September 2020.

Principal activity

The Company's principal activity during the financial year continued to be the provision of package holidays and the sale of other travel related services in the Republic of Ireland within the TUI AG group of companies (the "Group").

Key performance indicators

The Directors and Group Executive Committee of the Group manage the Group's operations on a divisional basis. The Company forms part of the Northern Region of the Holidays and Experiences segment of the Group. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company alone is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. A fair review of segmental performance is discussed in the Business Review on pages 61-65 of the TUI AG Annual Report 2020. Details of where these financial statements can be obtained are in Note 25 of these financial statements.

Review of the business

The Company's loss before taxation for the financial year ended 30 September 2020 was £3,045k (2019 profit: £4,059k). No dividends were paid during the financial year (2019: £nil) and the Directors do not recommend the payment of a final dividend (2019: £nil).

The financial performance in 2020 was significantly impacted by the COVID-19 pandemic leading to a loss before taxation of £3,045k. The Company put in place appropriate mitigations to minimise the financial impact as much as possible. Prior to the pandemic the performance in the first half of the financial year was in line with expectations and last year's performance. Given the uncertainty of the current climate, the Directors are satisfied with the current level of package holiday bookings for 2021.

The worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Company's business, beginning in March 2020. In line with the UK and Irish Government advice against all but essential foreign travel, the UK & I business took steps to suspend its touristic travel programme beginning in mid-March 2020. Customers who were already overseas around this time experienced disruption to their holidays as a result of various containment strategies put in place by overseas authorities, including some holidays which returned earlier than planned. Following the first wave of the pandemic, and the subsequent easing of travel restrictions, the UK & I business was able to operate a limited travel programme beginning in July 2020, focussed initially on the Balearic Islands and thereafter including Turkey and the Greek Islands during the months of August and September. However due to different and changing travel restrictions in both source market and destinations arising from increasing COVID-19 infection figures, various travel restrictions continued to be in place from July and various restrictions that had previously been eased were reintroduced.

Travel restrictions in Ireland were put back in place in September and the Irish holiday programme, including Crystal Ski, continues to be suspended. As at the current time, all TUI and Crystal holidays departing from Ireland are cancelled up until the 5th March 2021, changes to Irish travel restrictions may result in this extending. Customers are due refunds for holidays cancelled as a result of the pandemic. They 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.

The UK programme was subject to significant and short notice changes in August, September and October and only a small number of holidays travelled in November prior to the second national lockdown. Since the end of the second national lockdown, the UK business operated a small programme focussed on the Canary Islands, Madeira and certain long-haul destinations until the start of the third national lockdown at the beginning of January 2021. Since that date, the main beach holiday programme (including Crystal Ski) has once again been suspended until at least the end of February 2021, with Marella Cruise and certain other long haul beach destinations cancelled until the end of March 2021. Customers are due refunds for holidays cancelled as a result of the pandemic. Customers whose TUI, First Choice, or Marella Cruise package holidays were cancelled prior to 31st January 2021 have been offered ATOL protected refund credit notes to the full value of any payments made towards these holidays, together with a separate rebooking incentive. Cash refunds have been processed for any customers 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.

Review of the business (continued)
In respect of impacted holidays, the UK & I business has refunded over £1.4billion cash to impacted customers since March 2020, with around 17% of impacted bookings amending to a future travel date or redeeming a refund credit note on a new holiday.

The UK & I Business has taken a number of steps to safeguard existing bookings for departure dates beyond the current cancellation period, including offering customers the option to amend their holiday for free to a future departure date and to extend the deadline for collecting final balances, 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 reducing the hours and pay of staff who were required to continue to work, temporarily closing the network of TUI Stores and a range of other measures which reduce the fixed cost base. 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, TUI AG has secured EUR 2.85 billion additional funding from KfW (a German state-owned bank) and has agreed a further financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF). A corresponding term sheet was signed on 2 December 2020. The corresponding contracts for the individual components of the term sheet have been signed at the date of signing these financial statements. This funding is available for use by this Company and selected other companies within the TUI group.

The UK& I business is currently still affected by the negative impact of the COVID-19-pandemic. At the point in time of the signing of these financial statements, it is not foreseeable when these travel restrictions will be lifted again and when we will be able to resume our travel programme in full. In particular, it is not possible at this point in time to reliably predict how quickly a nationwide vaccination against Corona virus can be carried out and when drugs will be available to treat the symptoms of the Covid-19 disease. However, vaccinations have commenced in the United Kingdom & Ireland in December 2020 and TUI expects a reduction in current travel restrictions, and thus a significant further improvement in its working capital and liquidity situation.

There remains strong demand for package holidays in Summer 2021, with bookings ahead of this time last year as a significant number of customers have amended impacted bookings to a future travel date or have redeemed a refund credit note on a new holiday. Therefore, the fundamentals of the company's business model outside of the crisis period remain sound and give comfort that demand will be there once operations are able to resume.

Whilst at this stage it is too early to know the full impact of the pandemic on the financial year ending 30 September 2021, the result and the financial position of the Company is likely to be impacted due to the presumed travel restrictions that are likely to occur until the beginning of Summer 2021.

Licensable turnover
Licensable turnover, as defined by the Commission for Aviation Regulation and presented on a gross basis, amounts to £19,773k for the financial year ended 30 September 2020 (2019: £99,837k) and is the conversion into sterling of the underlying Euro value of €23,102k (2019: €111,632k).

Funding, liquidity and going concern
At 30 September 2020, the Company had net assets of £16,853k (2019: £19,463k).

As described in Note 2, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date, together with the Company and the Group's current liquidity position and contingency plans to secure additional funding, will allow the Company to continue its activities once all travel restrictions are lifted. However, given the ongoing Government travel advice restricting travel to/from certain countries, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

Funding, liquidity and going concern (continued)
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 outflow during the year relates to intercompany movements and the impact on trade due to COVID-19 restrictions.

Disabled employees
The policy of the Company is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Whenever possible the Company continues to employ those employees who have become disabled. The Company makes arrangements for the training and career development of all disabled employees.

Post balance sheet events
Details of post balance sheet events can be found in Note 24.

Principal risks and uncertainties
Several principal risks materialised simultaneously as a result of the COVID-19 pandemic, which has led to travel restrictions across the world, both within the Markets as well as in destination countries. These include customer demand, input cost volatility, cashflow profile, destination disruption and 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 integration & restructuring risk has increased, due to the volume and speed of the restructuring required; and the Talent & Leadership risk, due to the cost saving measures related to our employees. Furthermore, Growth Strategy is no longer a principal risk due to the change required in the Group's strategy to focus on costs and consolidation rather than growth of our asset businesses such as Hotels and Cruises.

There is a material uncertainty as to when the TUI Group's travel activities can be fully resumed. If tourism operations cannot be fully resumed in the long term, this might jeopardise the continuation of the Group's business operations, since the companies of the TUI Group might then not be able to realise their assets and repay their liabilities in the ordinary course of business. The Group have a number of measures that it can undertake to address this liquidity risk, such as the utilisation of government aid and the significant reduction of fixed costs. Therefore, in order to continue to have sufficient financial resources even in the absence of an increase in new travel bookings and the associated advance payments, TUI has agreed a further financing package of €1.8bn with Unifirm Ltd, a banking consortium, KfW and the Economic Stabilization Fund (WSF). A corresponding term sheet was signed on 2 December 2020.

During this period of travel suspension, the Executive Board continues to monitor the key risks, particularly those heightened risks such as customer demand and those that impact the financial profile (i.e. cost volatility and cash flow) of the 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 a limited measure of financial risk; including credit risk, liquidity risk and cash flow risk.

  The vast majority of our trade receivable balance is due from Group undertakings which have 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.

Principal risks and uncertainties (continued)

- **Financial risk (continued).**
  The Group operates liquidity safeguards which have the following two components:

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

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

  Despite the financial backing of a global organisation the Company recognises the highly seasonal nature of its business, and the associated cash-flow risk. Tourism is an inherently seasonal business with the majority of profits earned in the European summer months.

  Cash flows are similarly seasonal, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the summer season. Details of the Group's financial management strategies are included in the risk report of the TUI AG Annual Report.

- **Destination disruption.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as 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 in our businesses. We may possibly be required to repatriate our customers and / or the event could lead to a significant decline in demand for holidays to the affected destinations over an extended period of time. 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.

- **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 and suffering differing levels of economic impact due to COVID-19. 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 pandemic.

- **Input cost volatility.** A significant proportion of operating expenses are in non-local currency which therefore exposes the business to fluctuations in both exchange rates and fuel prices. There is the risk that if we do not manage adequately the volatility of exchange rates, fuel prices and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. As a result of the pandemic there is also a risk that there will be no 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, 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.

Principal risks and uncertainties (continued)

- **Cash flow profile.** Due to 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.

- **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.

- **Health & safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. Therefore, we have introduced measures to enable guests to enjoy their holidays in the knowledge that the highest hygiene standards in relation to COVID-19 have been put in place. There is also the risk of accidents occurring causing illness, injury or death to customers or colleagues whilst on a TUI holidays. This could result in reputational damage to the business and/ or financial liabilities through legal action being taken by the affected parties.

- **Supplier reliance.** 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. This is more apparent during the pandemic, whereby suppliers are also experiencing limited operational activity.

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

- **Corporate and social responsibility.** 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, reduction in demand for our products and services and loss of competitive advantage.

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

Principal risks and uncertainties (continued)

- **Talent and leadership development.** 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. Due to the pandemic this risk has increased this year as a result of the cost saving measures related to our employees.

- **Integration and restructuring.** Our key principle for integration and restructuring is to consolidate where possible and to localise where needed, particularly throughout our Group Platforms and the Markets & Airlines businesses. As a result, there are a number of harmonisation projects underway across the Group to enable us to leverage synergies.

  Furthermore, our continuous review of our own businesses and competitors means that we have an active programme of acquisitions (e. g. the destination management companies from Hotelbeds) and business disposals (e. g. Boomerang Reisen and Berge & Meer businesses) with associated integration projects. In the light of COVID-19 we have downsized our acquisition programme and are focused on disposal options.

  There is an inherent risk with any large restructuring or integration programme in managing the complexities associated with further integrating our business and reducing overlapping activities in order to develop a leaner and streamlined operating model. If we are not successful in leveraging and optimising the identified opportunities this could have a significant impact on our ability to deliver the identified benefits in line with expectations and enhance shareholder value. This risk has heightened due to the pandemic, as the Group has had to undertake structural solutions that go beyond the regular standardisation and harmonisation processes.

- **Brexit/Border control.** The UK's withdrawal from the EU has not affected the rights of Irish citizens and UK citizens within the Common Travel Area, and there are no significant additional entry requirements for UK citizens travelling to the EU. Therefore we do not expect Brexit to have any material impact on trading.

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 33-49 of the TUI AG Annual Report 2020. Details of where these financial statements can be obtained are in Note 25 of these financial statements.

Section 172 statement
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. In particular, and by reference to our principal risk strategy detailed above, the directors have had regard to the matters set out in s172(1) (a) to (f) of the UK Companies Act 2006 in the following ways:

- **Risk management.** 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.

  A summary of our principal risks and uncertainties appear earlier in this report.

Section 172 statement (continued)

- **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 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.

  Over the past five years, our TUIgether employee survey has become an established feedback tool, underpinning the importance of regular feedback as an integral element of TUI's culture. However, the COVID-19 pandemic has created a rapidly changing situation, with many employees in short-time work schemes. In this environment, a global survey would deliver an incomplete snapshot without generating a profound data base for future decisions. TUI has therefore decided to suspend the planned 2020 employee survey including the survey of the engagement index.

  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, an example being "Top tips for taking care of your mental health during the winter lockdown". The site provides links to 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.

  Our global approach to performance and talent management in Great Place to Grow ensures that all employees have opportunities to enhance and achieve their full potential. These performance management principles promote dialogue about performance, career objectives and professional development, enabling TUI to foster and promote talents.

  Further information can be found on pages 83 - 89 of the TUI AG Annual Report 2020.

- **Customers.** Customers continue to value safety, reliability, value for money and an engaging, intuitive, seamless and continuous customer service experience throughout their journey from booking to completion of their holiday. There is a growing trend in ethical and sustainability concerns being a factor in consumer choices.

  We strive to maintain strong relationships with our customers before, during and after their travels. In support of this strategy, we continue to work alongside our suppliers to develop new product offerings that reflect feedback received from our customers. Customer satisfaction questionnaire scores are a key performance indicator used by the board.

- **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. Our biggest supplier category is our hotel partners, accounting for over half of our direct operating costs. We aim to extend our commitment to integrity to our business relationships and into our supply chain. 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.

Section 172 statement (continued)

- **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 recognise that sustainable development is critical for long term economic success and we aspire to pioneer sustainable tourism across our sector.

  Our 'Better Holidays, Better World' 2015 – 2020 strategy is built around the following core pillars:

  - **Step lightly**, where we commit to operate the most carbon-efficient airlines in Europe and cut the carbon intensity of our operations by 10% by 2020;
  - **Make a difference**, where we commit to deliver 10m 'greener and fairer' holidays per year by 2020, enabling more local people to share in the benefits of tourism;
  - **Lead the way**, where we commit to invest €10m per year by 2020, to support good causes and enhance the positive impacts of tourism, using the TUI Care Foundation to support this work;
  - **Care more**, where we commit to achieve a colleague engagement score of over 80.

  Further information can be found on pages 75 - 81 of the TUI AG Annual Report 2020.

- **Business conduct.** The Integrity Passport, our TUI Code of Conduct applies to everyone at TUI. It sets out our general ways of working. It gives guidance on how to deal with the most important integrity and legal topics in our daily work – with our colleagues, our customers, our business partners and other third parties.

  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.

  Further information on integrity and compliance can be found on pages 114 - 117 of the TUI AG Annual Report 2020.

- **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 106-117 of the TUI AG Annual Report 2020.

Approved by the Board and signed on its behalf by

Henrik Andersson

Digitally signed by Henrik Andersson
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Date: 2021.01.29 18:06:58 +01'00'

HLP Andersson
Director

Company Number 2220337

Date: 29 January 2021

Directors and their interests
The Directors of the Company who were in office at any time during the financial year and up to the date of signing the financial statements were:

HLP Andersson	(Appointed 6 January 2021)
A Flintham	(Appointed 6 January 2021)
S J Hoar	(Resigned 5 January 2021)
S J Eaton	(Resigned 6 January 2021)

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

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

Statement as to disclosure of information to 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 financial risk exposure and management, dividends, going concern and future developments are included within the Strategic Report.

Post balance sheet events
Details of post balance sheet events can be found in Note 24.

Approved by the Board and signed on its behalf by

Henrik Andersson

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HLP Andersson
Director

Company Number 2220337

Date: 29 January 2021

The Directors are responsible for preparing the Director's Report and the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TUI Ireland Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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;
- the Statement of cash flow; and
- the related notes 1 to 25.

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

Basis for opinion

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

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

Material uncertainty related to going concern

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

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in respect of these matters.

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
1 New Street Square, London, United Kingdom

Date: 29 January 2021

TUI Ireland Limited
Statement of Comprehensive Income for the financial year ended 30 September 2020

	Note	**Financial year ended 30 September 2020 £'000**	Financial year ended 30 September 2019 £'000
Revenue	7	**21,096**	104,708
Cost of sales		**(19,369)**	(87,468)
Gross profit		**1,727**	17,240
Distribution costs		**(2,488)**	(9,727)
Administrative expenses		**(2,210)**	(3,436)
Other income		**31**	-
Operating (loss)/profit		**(2,940)**	4,077
Finance income	9	**7**	4
Finance expense	10	**(112)**	(22)
(Loss)/profit before taxation	11	**(3,045)**	4,059
Tax credit/(expense)	12	**385**	(511)
(Loss)/profit for the financial year attributable to owners of the Company		**(2,660)**	3,548
Total Comprehensive (Loss)/Income for the financial year attributable to the Owners of the Company		**(2,660)**	3,548

TUI Ireland Limited
Statement of Financial Position as at 30 September 2020

	Note	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Non-current assets			
Tangible assets	13	**215**	234
Right-of-use assets	14	**736**	-
		951	234
Current assets			
Trade and other receivables	16	**99,341**	102,482
Derivative financial asset	15	-	139
Income tax recoverable		**284**	-
Cash and cash equivalents		**912**	21,981
		100,537	124,602
Total assets		**101,488**	124,836
Current liabilities			
Trade and other payables	17	**(83,658)**	(104,828)
Income tax payable		-	(100)
Derivative financial liability	15	-	(46)
Lease liabilities	20	**(110)**	-
Provisions for liabilities	18	**(176)**	(396)
		(83,944)	(105,370)
Net current assets		**16,593**	19,232
Total assets less current liabilities		**17,544**	19,466
Non-current liabilities			
Deferred tax liability	19	**(4)**	(3)
Lease liabilities	20	**(687)**	-
		(691)	(3)
Total liabilities		**(84,635)**	(105,373)
Net assets		**16,853**	19,463
Equity			
Called up share capital	21	**510**	510
Retained earnings	22	**16,343**	18,953
Total equity attributable to owners of the Company		**16,853**	19,463

The notes on pages 19 to 43 form part of these financial statements.

The financial statements on pages 15 to 43 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

HLP Andersson
Director

Henrik Andersson

Digitally signed by Henrik Andersson
DN: dc=net, dc=tuiad, ou=Nordics, ou=Sweden, ou=Users, cn=Henrik Andersson, email=henrik.andersson@tui.se
Date: 2021.01.29 18:08:16 +01'00'

Company Number 2220337

Date: 29 January 2021

TUI Ireland Limited
Statement of Changes in Equity for the financial year ended 30 September 2020

	Note	Called up share capital £'000	Retained earnings Restated £'000	Total equity £'000
At 1 October 2018		510	15,401	15,911
Total Comprehensive Income for the financial year		-	3,548	3,548
Share-based payments		-	4	4
At 30 September 2019 (as previously reported)		**510**	**18,953**	**19,463**
Effect of change in accounting policy for initial application of IFRS 16	3	-	48	48
At 30 September 2019 (as restated)		510	19,001	19,511
Total Comprehensive Loss for the financial year		-	**(2,660)**	**(2,660)**
Share-based payments		-	**2**	**2**
At 30 September 2020		**510**	**16,343**	**16,853**

	Note	**Financial year ended 30 September 2020 £'000**	Financial year ended 30 September 2019 £'000
Operating activities			
Operating (loss)/profit		**(2,940)**	4,077
Depreciation expense	13,14	**105**	11
Unrealised foreign exchange losses/(gains) on cash and cash equivalents		**512**	(1,506)
Unrealised foreign exchange losses/(gains) on derivatives		**111**	(93)
Decrease/(increase) in accounts receivable		**3,141**	(32,950)
(Decrease)/increase in accounts payable		**(21,121)**	41,042
(Decrease)/increase in provisions	18	**(220)**	155
Share based payments reserve		**2**	4
Income tax received/(paid)		**3**	(614)
Net cash (outflow)/inflow from operating activities		**(20,407)**	10,126
Financing activities			
Interest paid	10	**(76)**	(22)
Repayment of lease liabilities	20	**(81)**	-
Net cash outflows from financing activities		**(157)**	(22)
Investing activities			
Purchase of tangible fixed assets	13	**-**	(245)
Interest received	9	**7**	4
Net cash inflow/(outflow) generated from investing activities		**7**	(241)
Net (decrease)/increase in cash and cash equivalents		**(20,557)**	9,863

Reconciliation of net cash flow movements for the financial year ended 30 September 2020

	30 September 2020 £'000	30 September 2019 £'000
(Decrease)/increase in cash in the year	**(20,557)**	9,863
Cash and cash equivalents at the beginning of the year	**21,981**	10,612
Exchange (losses)/gains on cash and cash equivalents	**(512)**	1,506
Cash and cash equivalents at the end of the year	**912**	21,981

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England & Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 2220337.

The principal activity of the Company continues to be the provision of package holidays and the sale of other travel related services in the Republic of Ireland.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified for revaluation to fair value of derivative financial instruments as required by FRS 101, 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 EU-adopted IFRS.

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 10.

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

Due to the measures taken by Governments worldwide to get the COVID-19 outbreak under control and in particular, the UK & Irish Government's advice against all but essential travel, the touristic industry came to a standstill from the second half of March 2020. For TUI, this has resulted in the repatriation of customers who were on holiday at the time and the full cancellation of the planned holiday programme until mid-July 2020. In mid-July, certain companies in the Group were able to recommence operations, but at a very reduced level. These operations continued into late Autumn, using open travel corridors, until the second wave of Covid struck. The curtailment of the 2020 programme has resulted in a sharp drop in turnover and whilst there has been a corresponding reduction in variable costs, the Company continues to have to fund its fixed cost base, although where possible, management actions have been taken to mitigate the timing and extent of amounts to be paid. As a result of the cancellation of the programme, customers are due refunds, which have been offered either in the form of a refund credit note (ATOL protected in the UK and CAR protected in Ireland) or in cash.

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.

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

- TUI AG received the approval of the German Government for a bridging loan of EUR 1.8 billion from the KfW, a German state-owned bank. The funds are to be used to increase TUI's existing credit line with its banks amounting to EUR 1.75 billion ("Revolving Credit Facility"). One of the conditions of the KfW bridge loan is that TUI waives dividend payments for the duration of the bridge loan.
- TUI AG secured an additional bridging loan of EUR1.05 billion from KfW, which technically is an increase of the existing 1.8bn tranche of the facility
- A Bond with warrants for EUR 150 million was issued to the German Economic Stabilisation Fund (WSF). The bond bears interest at a rate of 9.5 per cent. TUI AG has a right to terminate the bond as soon as the KFW loan has been repaid. The warrants will not be executed by the government but can be sold in the market.

2. Basis of preparation (continued)

Going concern (continued)

- TUI has agreed a further financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF). A corresponding term sheet was signed on 2 December 2020. The corresponding contracts for the individual components of the term sheet have been signed at the date of signing these financial statements.
- 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
- Invoked force majeure in relation to the guaranteed capacity within certain hotel accommodation contracts in relation to Summer 2020 and Winter 2020/21.
- Launched the Global Realignment Programme aimed at delivering annual savings of more than EUR 300 million by financial year 2023
- In August 2020, the Group received EUR 0.6 billion in respect of the sale of Hapag Lloyd cruises, whose sale was agreed prior to the pandemic. These funds were included in the Groups current liquidity plans.

The 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. A sensitivity analysis has been used to determine the potential* impact of the main risks. The scenario used for the going concern assumption assumes that various Group divisions can successively resume their programmes during the course of the calendar year 2021. Whilst business activity is expected to be severely restricted in the first and second quarters, travel activity is expected to pick up in Summer 2021 without reaching the pre-crisis level of financial year 2019. In particular, it is difficult to predict when travel activity will resume in financial year 2021.

With regard to this forecast and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, however given that the COVID-19 situation continues to evolve, there exists a material uncertainty related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern such that it may be unable to realise is assets and discharged its liabilities in the normal course of business.

The events or conditions are as follows:

- The TUI Group is currently still affected by the negative impact of the COVID-19-pandemic. At the point in time of the signing of these financial statements, it is not foreseeable when these travel restrictions will be lifted again and when we will be able to resume our travel programme in full. In particular, it is not possible at this point in time to reliably predict how quickly a nationwide vaccination against Corona virus can be carried out and when drugs will be available to treat the symptoms of the Covid-19 disease. However, vaccinations have commenced in the United Kingdom & Ireland in December 2020 and TUI expects a significant reduction in current travel restrictions, and thus a significant further improvement in its working capital and liquidity situation. The latest financing package strengthens TUI's position and provides it with liquidity reserves in this volatile market environment. It also balances out the presumed travel restrictions until the beginning of the Summer 21 season based on TUI's forecasts. A risk in respect of solvency still exists as travel restrictions could remain in force in the financial year 2020/21 and beyond and / or a permanent reluctance to travel materialises. The third financial package agreed on the 2 December 2020 is still subject to certain conditions being met, consequently, there remains a material uncertainty over both the source and quantum of any additional funding.

- The Groups compliance with the existing and increased financial covenants in respect of the external bank Revolving Credit Facility are unlikely to be met as at 30 September 2021. TUI's solvency is therefore at risk if a further suspension of compliance with the covenants for the test period ending on 30 September 2021 and beyond is not achieved. In addition, the KfW loans (both tranches) and the initial Revolving Credit Facility in the total amount of EUR 4.6 billion must be refinanced in the financial year 2022. Due to the uncertainty regarding future business development, there is a risk that refinancing on the banking and capital markets may not be possible and that further government support measures *may be necessary.*

2. Basis of preparation (continued)

Going concern (continued)

- The Group has a contractual commitment to take delivery of a number of new aircraft from Boeing. For FY21 deliveries the Group has financing in place for all of them. The financing process for FY22 deliveries from Boeing, will start in Spring 2021. The Group typically requests offers from a number of finance providers in a competitive process and then agrees financing before delivery. This process has not yet started, but management has every confidence that financing deals for these aircraft deliveries will be concluded in the necessary time frame, and that the financing market remains open to the Group. Nevertheless, there remains uncertainty as that financing has not yet been contractually agreed.
- The Group is operating a reduced holiday programme, where local Government agencies permit. There is also a risk that there may be a permanent change in the booking behaviour of our customers. For the UK &I businesses, current trading patterns indicate there remains strong demand for package holidays in Summer 2021, with bookings ahead of this time last year. Therefore, the fundamentals of the company's business model outside of the crisis period remain sound and give comfort that demand will be there once operations are able to resume.
- The pandemic has impacted almost a million holidays, with operations completely suspended in the period from 17 March to 11 July and thereafter travel has only been possible to a number of specific destinations depending on both the outbound and inbound travel restrictions in place at the time of travel. In respect of impacted holidays, the UK & I business has refunded over £1.4billion cash to impacted customers since March 2020, with around 17% of impacted bookings amending to a future travel date or redeeming a refund credit note on a new holiday. Around 52,000 refund credit notes remain unredeemed as at 19 January 2021 with a financial value (excluding rebooking incentive) of £64million.
- Ongoing social distancing measures and quarantines requirements for returning travellers are likely to have a significant impact on the format of the package holiday in the near term, therefore it is unlikely volumes could achieve the pre-crisis levels for a period of time. Whilst demand is likely to be strong, the Directors estimate that the capacity to deliver package holidays will take time to return to pre-crisis levels.

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

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

In December 2020, 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.

Given the ongoing impact of the crisis on operations, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

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. Amendments to IFRSs

In the current financial year, the Company has applied 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 2019.

Standard	Amendment	Impact on Financial Statements
IFRS 16 Leases	IFRS 16 replaces the current IAS 17 and its interpretations. For lessees, there is no longer the requirement to classify into finance and operating leases. Instead all leases are accounted for according to the so-called 'Rights of Use' approach. In the Statement of Financial Position a lessee is to recognise an asset for the right to use the leased item and a liability for the future lease payments. There are optional exemptions for short-term leases (< 12 months) and so-called small-ticket leases. For lessors, the accounting stays largely unchanged. Lessors will continue to classify leases in accordance with the criteria transferred from IAS 17. In addition, IFRS 16 includes several other new requirements, in particular a new definition of a lease, on sale and leaseback transactions and the accounting for subleases.	The new standard has significant effects on the financial statements of the Company. The effects are explained below.
IFRIC 23 Uncertainty over Income Tax Treatments	The interpretation complements the rules of IAS 12 on the accounting for actual and deferred taxes to clarify the accounting for uncertainties over income tax treatments and transactions by taxation authorities or fiscal courts.	Not material
Improvements to IFRS (2015-2017)	The various amendments from the annual improvement project 2015-2017 cycle affect minor changes to IFRS 3, IFRS 11, IAS 12 and IAS 23.	Not material

IFRS 16

The changes in lessee accounting for leases resulting from the adoption of IFRS 16 have a significant impact on the presentation of the Company's Statement of Comprehensive Income, Statement of Financial Position, net assets and earnings position.

Regarding the options and practical expedients available to lessees, the Company has decided:

- to present right-of-use assets and lease liabilities separately in the Statement of Financial Position.
- to use the recognition and measurement exceptions for short-term leases (with terms of 12 months or less) and for leases of low value assets. The lease payments associated with those leases are recognised as an expense in the Statement of Comprehensive Income either on a straight-line basis over the lease term or using another systematic basis.

The Company initially applies IFRS 16 as at 1 October 2019 using the modified retrospective approach in accordance with the transition guidance. Using that method, the prior financial year's comparative period is not restated. The effect of the transition is reported directly in equity as at 1 October 2019.

Regarding the new definition of a lease, the option to grandfather existing leases is not used in transitioning to IFRS 16. The new rules are thus applied to all contracts existing as at 1 October 2019 falling within the scope of IFRS 16, regardless of whether the Company contractually operates as the lessee or lessor.

In transitioning to the new standard, the Company applies the following practical expedients for lessees:

- For leases already classified as operating leases under IAS 17, the lease liability is carried at the amount of the present value of the future lease payments, determined using the incremental borrowing rate, as at 1 October 2019. The weighted average incremental borrowing rate was 4.78% based on a portfolio of leases with reasonably similar characteristics. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for the amount of existing lease prepayments and accrued rent.
- For leases with a remaining term of less than one year at the date of initial application, the Company does not recognise any right-of-use assets and lease liabilities, in line with exercising the exception for short-term leases with lease terms of twelve months or less.

3. Amendments to IFRSs (continued)

IFRS 16 (continued)

- Initial direct costs are not included in the initial measurement of the right-of-use asset as at the date of initial adoption.
- Hindsight is used in determining the lease term of contracts containing options to extend or terminate the lease.
- At the date of initial adoption, the right-of-use assets are not tested for impairment. Instead, the right-of-use assets are adjusted by the amount of any provisions for onerous leases existing as at 30 September 2019 recognised in the Statement of Financial Position.

In total, the initial application of IFRS 16 results in the following adjustments to the Statement of Financial Position as at 1 October 2019:

	Note	Carrying amount IAS 17 30 September 2019	Adoption of IFRS 16 1 October 2019	Carrying amount IFRS 16 1 October 2019
		£'000	£'000	£'000
Non-current assets				
Tangible assets		234	-	234
Right-of-use assets	(A)	-	822	822
		234	822	1,056
Current assets				
Trade and other receivables		102,482	-	102,482
Derivative financial asset		139	-	139
Cash and cash equivalents		21,981	-	21,981
		124,602	-	124,602
Total assets		124,836	822	125,658
Current liabilities				
Trade and other payables	(B)	(104,828)	48	(104,780)
Income tax payable		(100)	-	(100)
Derivative financial liability		(46)	-	(46)
Lease liabilities	(A)	-	(107)	(107)
Provisions for liabilities		(396)	-	(396)
		(105,370)	(59)	(105,429)
Net current assets		19,232	(59)	19,173
Total assets less current liabilities		19,466	763	20,229
Non-current liabilities				
Deferred tax liability		(3)	-	(3)
Lease liabilities	(A)	-	(715)	(715)
		(3)	(715)	(718)
Total liabilities		(105,373)	(774)	(106,147)
Net assets		19,463	48	19,511
Equity				
Called up share capital		510	-	510
Retained earnings	(B)	18,953	48	19,001
Total equity attributable to owners of the		19,463	**48**	19,511

3. Amendments to IFRSs (continued)

IFRS 16 (continued)

(A) Applying IFRS 16, the Company recognised a right-of-use asset and lease liability in the Statement of Financial Position for all leases (except as practical expedients noted above), initially carried at the amount of the present value of the future lease payments, determined using the incremental borrowing rate, as at 1 October 2019. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for the amount of existing lease prepayments and accrued rent.

(B) Total equity has increased by £48k at 1 October 2019, the breakdown of the adjustment is as follows:

	£'000
Lease incentives receivable	**48**

The table below shows a reconciliation of other financial commitments from rental and lease agreements as at 30 September 2019 to the opening balance of the lease liabilities as at 1 October 2019:

Reconciliation of IFRS 16 lease liabilities

	£'000
Financial obligations from operating leases as at 30 September 2019	**1,117**
Payments for non-lease components and intangible assets	(75)
Other	(25)
Total payment obligations from operating leases	**1,017**
Discounting	(195)
Present value of new IFRS 16 lease liabilities as at 1 October 2019	**822**
Carrying amount of IFRS 16 lease liabilities as at 1 October 2019	**822**

In transitioning to IFRS 16, the carrying amounts of the assets and liabilities from finance leases existing as at 30 September 2019 (£nil) are reclassified to right-of-use assets and lease liabilities as at 1 October 2019.

4. *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.

Revenue
The Company acts as a provider of package holidays including the sale of other related travel services. Revenue originates solely from package holidays, and commission earned on sales of in-resort excursions. This represents the aggregate amount of revenue receivable for services supplied in the ordinary course of business. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and value added tax and monies collected on behalf of the other relevant tax authorities. All revenue originates within the Republic of Ireland.

(i) Revenue recognition
Revenue is recognised when the performance obligations are met.

Revenue in respect of in-house holiday products is recognised either over time in relation to the duration of the product. If the services relate to a period of time, e.g. in the case of multi-day hotel stays or package holidays, or at a point in time on the day of performance of the performance obligation, e.g. for flight services (not included within a package) on the day of the flight. Commission earned in respect of third-party travel products, along with related costs, is recognised when the final balance is due. Commission earned in respect of insurance is recognised at the time of the transaction. Cancellation income is recognised at the time of the transaction. This recognition basis is in line with IFRS 15.

4. Summary of significant accounting policies (continued)

(ii) Valuation of revenue
Revenue is recognised on transfer of control over distinct goods or services to the customer. The flights, hotel accommodation and other services included in a package holiday are transformed into one product for the customer through a significant integration service provided by TUI as a tour operator within the meaning of IFRS 15, so that the package holiday constitutes one performance obligation for TUI. This revenue is recognised when TUI delivers the service for the customer, i.e. on a linear basis over the duration of the holiday, as customers consume their holiday on a pro rata basis. Further revenue is generated on sale of other tourist services e.g. seat only, accommodation only etc. Revenue is recognised when TUI has satisfied its performance obligation, e.g. for flight services on the day of the flight.

Where the Company acts as principal, revenue is stated at the contractual value of goods and services provided. Where the Company acts as an agent between the service provider and the end customer, revenue is recognised when earned, typically on balance due date, and presented on a net basis as the difference between the sales price to the customer and the cost of the services purchased and not the total transaction sales value. Businesses are identified as being agents dependent on a number of criteria, principally the control exercised over the provision of service, inventory risk and customer credit risk.

(iii) Client monies received in advance
Client monies at the Statement of Financial Position date relating to holiday and flight services to be delivered after the year end are included in trade and other payables. If the date of departure is in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities. This recognition basis is in line with IFRS 15.

Other income
Other income included gains arising from grants from the Irish Government in relation to their COVID-19 related Employee Retention Scheme.

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 with the exception of gains and losses to be recognised in equity as qualifying cash flow hedges.

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

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.

Marketing and other direct sales costs
Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed when the benefit of the goods or services is made available to the Company, net of any contributions received from third parties to defray such costs.

4. Summary of significant accounting policies (continued)

Leases

Leases are agreements transferring the right to use an identified asset for a given period of time in return for a payment.

Accounting policy applicable from 1 October 2019

The Company as lessee

Until 30 September 2019, the criteria of IAS 17 were applied to assign a leased asset to its economic owner.

Where economic ownership of the leased asset was attributed to the lessor in accordance with IAS 17 (operating lease), the lease payments were recognised as an expense in the income statement on a straight-line basis.

Since 1 October 2019, the Company has carried right-of-use assets and lease liabilities for all leases in the Statement of Financial Position. At the inception of an agreement, the Company evaluates whether it is, or contains, a lease.

At the commencement date, i.e. the date from which the lessee is entitled to exercise the right to use the underlying asset, a lease liability amounting to the present value of the future lease payments is recognised. The lease payments include all fixed and in substance-fixed payments less any future lease incentives to be provided by the lessor. The lease payments also include variable payments linked to an index or an (interest) rate as well as expected payments from residual value guarantees. Lease payments for the exercise of extension, purchase and termination options are included if the exercise of these options is assessed as reasonably certain. As a rule, the lease payments are discounted at the lessor's interest rate implicit in the lease. If that rate is not known, the present value is determined using the incremental borrowing rate. After initial measurement, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The interest expense from the subsequent measurement of the lease liability is presented in the interest result.

In addition, a right-of-use asset is recognised at the commencement date. Right-of-use assets for the leased items are measured at amortised cost less cumulative depreciation/amortisation and cumulative impairment and adjusted for revaluations of the lease liability. The cost of a right-of-use asset comprise the present value of the future lease payments plus initial direct costs and the lease payments made prior to commencement less any lease incentives received and the estimated costs to be incurred to restore the leased asset to the condition required by the terms and conditions of the lease ("Day one obligations"). Capitalised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the expected useful life of the right-of-use asset. If the lease transfers ownership of the leased asset to the Company by the end of the lease term, or if the lease payments reflect the future exercise of a purchase option, the right-of-use asset is depreciated over the useful life of the leased asset. After the commencement date of the lease depreciation is recognised to reflect the pattern of consumption of the benefits the asset brings over its useful life. This is applied consistently from period to period and is recognised in cost of sales or in administrative expenses.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in cost of sales or in administrative expenses.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets' policy.

TUI applies the recognition and measurement exemptions for all short-term leases and low-value asset leases. A short-term lease is a lease that has a lease term of 12 months or less and does not contain a purchase option. The lease payments for those leases are recognised as an expense in cost of sales or in administrative expenses on a straight-line basis over the lease term or on another systematic basis.

4. Summary of significant accounting policies (continued)

Leases (continued)

The Company as lessee (continued)

Accounting policy applicable prior to 1 October 2019
Prior to 1 October 2019 leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. All the leases recognised for the retail stores were classified as operating leases.

Rentals payable under operating leases were expensed in the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease except where another more systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

In the event that lease incentives were received to enter into operating leases, such incentives were recognised as a liability. The aggregate benefit of incentives was recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

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

Finance income
Interest receivable recognised in the Statement of Comprehensive Income mainly comprises interest receivable on bank accounts and financial gains on financial instruments. Within the Statement of Cash Flow it is classified as investing activities.

Finance expenses
Interest payable recognised in the Statement of Comprehensive Income mainly comprises lease interest, bank interest expense and financial losses on financial instruments. Within the Statement of Cash Flow it is classified as financing activities

Current and deferred tax
The tax (credit)/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.

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.

4. Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation
Property, plant and equipment are stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation and impairment.

Depreciation is expensed on a straight-line basis to the residual value over the estimated useful lives of tangible assets which are as follows:

Equipment, fixtures and fittings	*3-10 years*

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed together with the assets residual value, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right of use assets and depreciation
The right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurements of the lease liability (i.e. remeasurements or lease modifications).

Depreciation is expensed on a straight-line basis over the shorter of the period of the lease or useful life.

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 cost 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.

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

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

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

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

4. Summary of significant accounting policies (continued)

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

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

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

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.

Derivative financial instruments and hedging activities
The Company uses foreign exchange forward contract to hedge foreign currency risks on transactions denominated in certain foreign currencies.

Derivative financial instruments are measured at the fair value attributable to them on the date the contract is entered into. Subsequently re-measurement is also recognised at the fair value applicable at the respective Statement of Financial Position date. Where derivative financial instruments are not part of a hedge in connection with hedge accounting they are classified as 'at fair value through profit and loss'. The method used of recognising gains and losses depends on whether the derivative financial instrument has been classified as a hedge and on the type of underlying item. Changes in the fair value are immediately recognised through profit and loss. If, by contrast, an effective hedging relationship exists, the transaction is recognised as a hedge.

TUI group uses the accounting policy choice provided by IFRS9, enabling entities to continue to apply hedge accounting requirements of IAS39. Hedge accounting is exclusively used to hedge the exposure to variability in cash flows from future transactions highly likely to occur (cash flow hedges). Hedges of balance sheet items (Fair Value Hedges), i.e. hedges of fair value of an asset or a liability, are currently not included in hedge accounting.

Upon entering into a transaction, TUI Group documents the hedge relationship between the hedge and the underlying transaction, the risk management goal and the underlying strategy. In addition, a record is kept of the assessment, both at the beginning of the hedge relationship and on a continual basis, as to whether the derivatives used for the hedge are highly effective in compensating for the changes in the fair values or cash flows of the underlying transactions.

The effective portion of changes in fair value of derivatives forming cash flow hedges is recognised in equity. Any ineffective portion of such changes in fair value, by contrast, is recognised immediately in the income statement through profit and loss. Amounts taken to equity are classified to the income statement and included as income or expenses in the period in which the hedged item has an effect on results.

If a hedge expires, is sold or no longer meets the criteria of IAS 39 for hedge accounting, the cumulative gain or loss remains in equity and is only recognised in the income statement through profit and loss when the originally hedged future transaction occurs. If the future transaction is no longer expected to take place, the cumulative gains or losses recognised directly in equity are recognised immediately through profit and loss.

4. Summary of significant accounting policies (continued)

Derivative financial instruments and hedging activities (continued)
Derivative financial instruments undertaken prior to 1 April 2019 were initially recognised at fair value on the date the derivative contract was entered into and were subsequently re-measured at fair value. Changes in the fair value of derivatives were recorded in the Statement of Comprehensive Income within the same category as the underlying hedged item was classified to reflect the economic substance of the hedge notwithstanding that hedge accounting was not applied (refer also policy on Foreign currency translation above).

After 31 March 2019, hedge accounting was applied on all derivative financial instruments undertaken.

Provisions
A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. The increase in the provision due to passage of time is recognised as a financial expense where material.

Retirement benefit liabilities
The Company's employees participate in Group-operated defined contribution pension schemes, the assets of which are held separately from those of the Company in independently administered funds. The pension charge disclosed in Note 8 includes contributions payable by the Company to these funds.

Share-based payments
IFRS 2 'Share based payment' ("IFRS 2") requires the Company to recognise the cost of share-based remuneration of its employees.

The Company's ultimate parent, TUI AG, operates a number of share-based compensation plans.

For equity settled transactions, the fair value of the awards granted are recognised under staff costs with a corresponding increase in equity. The fair value is determined at the point when the awards are granted and spread over the vesting period during which the employees become entitled to the awards. The method for calculating the value of the granted awards is described in Note 8.

5. 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 25. 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
IFRS2 'Share-based payment'	45(b) and 46 to 52	All disclosure requirements.
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.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
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.

5. Reduced disclosures permitted by FRS 101 (continued)

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly-owned subsidiaries of the Group.
IFRS 15 Revenue from Contracts with Customers	110	The requirements of the second sentence.
	113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129	All disclosure requirements.

6. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Critical accounting judgements

The following are the 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.

i) Provisions

In accounting for provisions, judgement is required in determining occurrence probability, maturity and level of risk. Judgement and estimation are required in determining provisions for customer and legal claims. Details of provisions made and the basis by which provisions have been calculated are disclosed in Note 18.

ii) Contingent liabilities

Management together with legal counsel have made assumptions about the probability of legal claims being successful and whether or not more likely than not that settlement will take place. In the event that the probability of an outflow is below 50%, no provision will be recognised. Management apply their judgement additionally to consider whether or not to disclose any contingencies should such disclosure be detrimental to the outcome of a specific case.

iii) Leases

The Company determines the term of the lease as the non-cancellable period for which the lessee has the right to use the asset, together with any periods covered by extension options, if exercise of that option by the Company is reasonably certain, as well as periods covered by termination options if the Company is reasonably certain that it will not exercise that option.

The Company applies judgement in evaluating whether it is reasonably certain that an option to renew will be exercised or that an option to terminate the lease will not be exercised, by considering all of the relevant facts and circumstances. From commencement date, the Company remeasures the lease term if there is either a significant event or a significant change in the circumstances within our control alters any of our assessments about what is reasonably certain. The lease term, for instance, is adjusted if an extension option is exercised or if a termination option is not exercised and if this had been considered differently in the original assessment.

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

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) Future development of the travel business after the Covid-19 pandemic and valuation of assets

Due to the development of the Covid-19 pandemic, there were indications that the assets of the Company could be impaired. Therefore, an impairment review was undertaken in respect of the Company's tangible and right of use assets. The impairment tests were undertaken at the level of cash generating units (CGU's) as at 30 September 2020, the tour operator was identified as a CGU. The impairment tests were performed on the basis of future discounted cashflows derived from medium-term corporate planning as at 30 September 2020. Both the derivation of the future cashflows and the determination of the interest rate are subject to high degrees of assumption and estimate and are associated with uncertainties.

The sporadic openings of destinations in summer 2020 showed that strong demand for travel can be expected once the pandemic ends. A fundamental assumption of our medium-term corporate planning is that the Company and the Group will be able to gradually resume their programmes in the course of the 2021 financial year. Whilst business activities are expected to be severely restricted in the first two quarters of 2021, a recovery in travel activity is anticipated for the summer of the 2021 financial year without reaching the pre-crisis level of the 2019 financial year. In particular, the timing of the resumption of travel activity in the 2021 financial year is difficult to predict. It is expected that the Company's and the Group business performance will continue to improve in the 2022 financial year and will return to normal levels of demand and profitable growth (experienced prior to the Covid-19 pandemic) in the 2023 financial year at the latest.

The weighted average cost of capital after income taxes (WACC) used in the impairment reviews, was 14.4% pre-tax which included a risk adjustment of 4.1%. This was derived from the analysis of comparable companies using external capital market information and taking into account the uncertainties regarding medium and long-term market expectations and the later commencement of travel activities in the first and second quarters of 2021.

For all CGU's, the recoverable amount (being the higher of value in use and fair value less costs of disposal) were determined and an impairment recognised if the recoverable amount was lower than the CGU's asset carrying value. The table below provides an overview of the parameters used in the impairment review:

	Planning period	Annual Growth rate revenues p.a.	Growth Rate in perpetuity	WACC (pre-tax)	Carrying amount in £k	Recoverable amount in £k
Tour Operator	3 years	7.1%	0.5%	14.4%	736	80,775

In view of the existing uncertainties regarding future business development and cost of capital, an extended analysis of sensitivities was undertaken.

The table below provides sensitivities presenting potential changes of the recoverable amount:

	WACC +1%	WACC -1%	Discounted cash flow (DCF) +15%	Discounted cash flow (DCF) -15%	Discounted cash flow (DCF) +50%	Discounted cash flow (DCF) -50%
	£k	£k	£k	£k	£k	£k
Impact on recoverable amount	6,717	(6,717)	12,116	(12,116)	40,387	(40,387)

7. Revenue

	Financial year ended 30 September 2020	Financial year ended 30 September 2019
	£'000	£'000
Tourism services	20,834	101,861
Other revenue	262	2,847
	21,096	104,708

All revenue is earned in the Republic of Ireland.

8. Employees and Directors

Employee costs for the Company during the financial year were:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Wages and salaries	1,347	1,692
Share- based payments – equity settled	2	4
Social security costs	97	172
Retirement benefit expenses	51	62
	1,497	1,930

The monthly average number of persons (including Directors) employed by the Company during the financial year was:

	Financial year ended 30 September 2020 Number	Financial year ended 30 September 2019 Number
Selling and distribution	20	25
Administration	17	17
	37	42

Defined contribution pension schemes

The Company's employees participate in Group-operated defined contribution pension schemes, the assets of which are held separately from those of the Company in independently administered funds. The amounts charged to the Statement of Comprehensive Income in respect of retirement benefit expenses are the contributions payable in the financial year, being £50k (2019: £62k). Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Directors' remuneration

The details of Directors' remuneration are as follows:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Directors' remuneration	101	112
Retirement benefit contributions	11	11
	112	123

8. Employees and Directors (continued)

The remuneration of two (2019: two) of the Company's Directors was paid by other Group companies, which make no recharge to the Company.

During the financial year share awards in TUI Travel Limited granted in previous years to none (2019: none) Directors vested. Also in the financial year, none (2019: none) of the Directors were awarded equity settled share based payment awards as Directors under long-term incentive schemes that remained outstanding at the end of the year. Additionally, during the financial year, none (2019: none) of the Directors were awarded cash settled share-based payment awards as Directors under long term incentive schemes that remained outstanding at the end of the year.

The remuneration relating to the highest paid Director is:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Remuneration	**88**	97
Retirement benefit contributions	**8**	9
	96	106

In respect of the highest paid Director, they were not part of any Share award schemes in either year. This Director is not a member of a defined benefit pension scheme.

Employee share programme (oneShare)

Eligible employees can acquire TUI AG shares under preferential conditions when participating in the oneShare programme. The preferential conditions include a discount on "investment" shares bought during a twelve month investment period plus one "matching" share per three held investment shares, after a lock up period of two years. Investment shares are created by capital increase of TUI AG, while matching shares are bought on the open market. Eligible employees decide once a year about their participation in oneShare.

In the financial year 2020, no new tranche of oneShare was launched. The matching date occurred for Tranche 1 and the matching shares were subsequently transferred to participants who still held their investment shares at the beginning of the financial year.

Since investment and matching and Golden shares are equity instruments of TUI AG, oneShare is accounted for as an equity-settled share-based payment scheme. Once all eligible employees have decided upon their annual participation, the fair value of the equity instrument granted is calculated once and fixed for each tranche on the basis of the proportional shares at grant date taking into consideration the discounted estimated dividends.

8. Employees and Directors (continued)

The development of acquired investment and estimated matching shares, as well as the parameters used for the fair value are as follows:

	Tranche 1 (2017/3)	Tranche 2 (2017/7)	Tranche 3 (2018/7)	Tranche 4 (2018/9)	Total
Investment period	01.04.2017 – 31.07.2017	01.08.2017 – 31.07.2018	01.08.2018 – 31.07.2019	01.08.2019 – 31.07.2020	
Matching	30.09.2019	30.09.2020	30.09.2021	30.09.2022	
Acquired investment shares	206	240	773	609	1,828
Forfeited investment shares	(59)	(69)	-	-	(128)
Initially estimated matching shares	56	57	258	203	574
Forfeited matching shares	(7)	(23)	-	-	(30)
Share price at grant date (€)	12.99	13.27	18.30	8.99	
Fair value: Discount per investment share (€)	2.60	2.02	2.94	1.26	
Recognised estimated dividend (€)	-	0.63	0.72	0.54	
Fair value: matching share (€)	11.65	11.15	15.93	7.17	
Recognised discounted estimated dividend (€)	1.34	2.11	2.37	1.82	

9. Finance income

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Bank interest income	5	4
Foreign exchange gains	2	-
	7	4

10. Finance expense

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Bank interest expense	55	22
Lease interest (Note 14)	36	-
Foreign exchange losses	21	-
	112	22

11. (Loss)/profit before taxation

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
(Loss)/profit before taxation is stated after expensing/(crediting):		
Depreciation on tangible assets	19	11
Depreciation on right-of-use assets	86	-
Operating lease charges	-	50
Foreign exchange losses/(profits)	337	(1,904)
Loss/(gain) from derivatives accounted at fair value through profit and loss	93	(93)
Government grant income	(31)	-
Provision for customer and legal claims (Note 18)	62	-

11. (Loss)/profit before taxation (continued)

Auditor's remuneration
In 2020 and 2019, the auditor's remuneration was borne and paid by TUI UK Limited and not recharged out.

12. Tax (credit)/expense

The tax (credit)/expense can be summarised as follows:

(i) Analysis of tax (credit)/expense in the financial year

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
Current tax:		
Corporation tax at 12.5% (2019: 12.5%)	**(381)**	**501**
Adjustments in respect of previous periods	**(5)**	**-**
Group relief payable	**-**	**7**
Total current tax	**(386)**	**508**
Deferred tax:		
Origination and reversal of temporary differences	**1**	**3**
Total deferred tax	**1**	**3**
Total tax (credit)/expense in the Statement of Comprehensive Income	**(385)**	**511**

(ii) Factors affecting the tax expense in the financial year
The tax credit (2019: expense) for the financial year ended 30 September 2020 is greater than (2019: greater than) the standard rate of corporation tax in the Republic of Ireland of 12.5% (2019: 12.5%). The differences are shown in the table below:

	Financial year ended 30 September 2020 £'000	Financial year ended 30 September 2019 £'000
(Loss)/profit before taxation	**(3,045)**	**4,059**
(Loss)/profit before tax multiplied by the effective standard rate of corporation tax in the Republic of Ireland of 12.5% (2019: 12.5%)	**(381)**	**507**
Effects of:		
- Tax on medical premiums	**-**	**1**
- Expenses not deductible for tax purposes	**1**	**3**
- Adjustments in respect of previous periods	**(5)**	**-**
Total tax (credit)/expense in the Statement of Comprehensive Income	**(385)**	**511**

(iii) Factors affecting the future tax expense
The rate of taxation is expected to follow the standard rate of corporation tax in the Republic of Ireland in future periods after taking into account expenditure not deductible for taxation and any non-taxable income.

13. Tangible assets

	Equipment, fixtures and fittings £'000	Total £'000
Cost:		
At 1 October 2019	245	245
At 30 September 2020	**245**	**245**
Accumulated depreciation:		
At 1 October 2019	(11)	(11)
Charge for the year	(19)	(19)
At 30 September 2020	**(30)**	**(30)**
Net book value:		
At 30 September 2020	**215**	**215**
At 30 September 2019	234	234

14. Right-of-use assets

In financial year ended 30 September 2020, the Company introduced the amended standard on lease accounting (IFRS 16). As a lessee, the Company recognises right-of-use assets and lease liabilities according to IFRS 16. For more detailed information on this new application and the use of practical expedients, please refer to Note 3.

Due to the introduction of IFRS 16, right-of-use assets totalling £822k were recognised as at 1 October 2019. This amount includes £nil for assets previously capitalised as finance leases.

All leases recognised in the Statement of Financial Position classified as 'right-of-use assets' relate to property leases:

	Property leases £'000
Cost:	
At 1 October 2019	-
IFRS 16 Transition	822
At 30 September 2020	**822**
Accumulated depreciation:	
At 1 October 2019	-
Charge for the year	(86)
At 30 September 2020	**(86)**
Net book value:	
At 30 September 2020	**736**
At 30 September 2019	-

Since the date of the initial application of IFRS 16, the value of right-of-use assets have declined by £86k. This was driven by cumulative depreciation.

Information on the associated lease liabilities and details regarding the maturities of the lease payments not yet made at the Statement of Financial Position date are provided in Note 20, 'Leases'.

14. Right-of-use assets (continued)

Expenses and income from leases with the Company as the lessee

	£'000
Depreciation of right-of-use assets	**86**
Expenses relating to short-term leases	**75**
Interest expenses from lease liabilities	**36**

15. Derivative financial instruments

	As at 30 September 2020		As at 30 September 2019	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Forward foreign exchange contracts	-	-	139	(46)
Total	-	-	139	(46)
Of which				
Current	-	-	139	(46)
Non-current	-	-	-	-
Total	-	-	139	(46)

Fair value measurements

Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate observable prices in active markets, such as interest rates and foreign currency exchange rates. These market-based inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility and discount rate.

Forward foreign exchange contracts were used by the Company to mitigate against the risk of adverse foreign exchange losses on future expected payments to suppliers and receipts from customers in non-functional currencies.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months.

The amount recognised in the Statement of Comprehensive Income that arises from derivatives amounts to £93k loss (2019 gain: £93k).

All of the hedges outstanding at the 30 September 2019 were designated as cash flows hedges, held for trading, as they were entered into prior to 1 April 2019 (a date before hedge accounting applied).

16. Trade and other receivables

	As at 30 September 2020	As at 30 September 2019
	£'000	£'000
Trade receivables	**457**	878
Amounts due from parent undertakings	**50**	63
Amount due from other group undertakings	**98,152**	100,561
Other receivables	**19**	-
Prepayments	**347**	266
VAT	**316**	714
	99,341	102,482

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, interest-free and repayable on demand. Total amounts due from Group undertakings amount to £98,202k (2019: £100,624k). During the year expected credit losses of £nil were written off (2019: £nil). FRS 101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

17. Trade and other payables

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Trade payables	**585**	7,695
Amounts due to parent undertakings	**69,220**	81,333
Amounts due to entities with significant control	**4**	102
Amount due to other group undertakings	**1,539**	159
Group relief payable	**8**	7
Other payables	**1,579**	90
Client monies received in advance	**7,828**	7,141
Taxation and social security	**189**	45
Accruals	**2,706**	8,256
	83,658	104,828

Amounts due to Group undertakings

Total amounts due to Group undertakings are unsecured, interest-free and repayable on demand. Total amounts due to Group undertakings amount to £70,771k (2019: £81,601k). FRS 101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

18. Provisions for liabilities

Analysis of the movements during the financial year:

	Other costs £'000
At 1 October 2019	396
Provided during the financial year	62
Utilised during the financial year	(282)
At 30 September 2020	**176**

Analysed as:	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Non-current	**-**	-
Current	**176**	396
	176	396

Other costs

Other provision of £176k (2019: £396k) relates to outstanding customer and legal claims.

19. Deferred tax liabilities

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Capital allowances in excess of depreciation	4	3
	4	3

Movements in deferred taxation during the current financial year are analysed as follows:

	Capital allowances in excess of depreciation £'000
At 1 October 2018	-
Expense to the Statement of Comprehensive Income	3
At 30 September 2019	3
Expense to the Statement of Comprehensive Income	1
At 30 September 2020	**4**

Capital allowances in excess of depreciation principally relate to temporary differences in respect of tangible fixed assets. The deferred tax amount is due to reverse in more than 12 months of the date of the Statement of Financial Position.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2020 or 30 September 2019.

20. Leases

In financial year ended 30 September 2020, the Company introduced the amended standard on lease accounting (IFRS 16). As a lessee, the Company recognises right-of-use assets and lease liabilities according to IFRS 16. For more detailed information on this new application and the use of practical expedients, please refer to note 3.

The Company as a lessee

As a lessee, the Company leases an office building in the Republic of Ireland. The terms and conditions of the lease agreement is individually negotiated. Property leases might contain extension options and price adjustment clauses. No residual value guarantees were provided for the lease.

The cash outflows for leases totalled £81k in financial year ended 30 September 2020.

At 30 September 2019, the following were not included in the measurement of the right-of-use assets and lease liabilities:

- Payments for non-lease components of £75k
- Other adjustments of £25k

Lease liabilities

Maturity analysis

	As at 30 September 2020 £'000
Not later than one year	**110**
Later than one year and not later than five years	**393**
Later than five years	**294**
	797

20. Leases (continued)

Lease liabilities (continued)

Maturity analysis (continued)

	As at 30 September 2020 £'000
Analysed as:	
Non-current	**687**
Current	**110**
	797

Operating lease commitments
(Disclosure required by IAS 17)

The Company's total future minimum lease payments under non-cancellable operating lease contracts were payable as follows:

	As at 30 September 2019 £'000
Not later than one year	82
Later than one year and not later than five years	437
Later than five years	520
	1,039

Operating lease commitments disclosed above are in respect of an office building.

21. Called up share capital

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Authorised		
615,000 (2019: 615,000) preference shares of £1 each	**615**	615
600,000 (2019: 600,000) ordinary shares of £1 each	**600**	600
Issued and fully paid, presented as equity		
510,000 (2019: 510,000) ordinary shares of £1 each	**510**	510

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

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

23. Related party transactions

During the year, the company entered into the following trading transactions with related parties:

Related party	Revenue		Expenses	
	As at 30 September 2020 £'000	As at 30 September 2019 £'000	**As at 30 September 2020 £'000**	As at 30 September 2019 £'000
Joint Ventures of the Group	**-**	-	**(121)**	(900)
Associates of the Group	**-**	-	**(18)**	(176)
Entities with significant control	**-**	-	**(189)**	(600)
Total	**-**	-	**(328)**	(1,676)

The Company has taken advantage of the exemption contained in FRS101 as set out in Note 5

The following amounts were outstanding at the Statement of Financial Position date:

Related party	Receivables outstanding		Payables outstanding	
	As at 30 September 2020 £'000	As at 30 September 2019 £'000	**As at 30 September 2020 £'000**	As at 30 September 2019 £'000
Joint Ventures of the Group	**-**	-	**(130)**	(193)
Associates of the Group	**-**	-	**-**	(9)
Entities with significant control	**-**	-	**(4)**	(102)
Total	**-**	-	**(134)**	(304)

24. Post balance sheet events

Subsequent to the year end the following post balance sheet events have occurred:

As described in Note 2, the worldwide pandemic resulting from the spread of the COVID-19 virus has caused a significant interruption to the Company's business, beginning in March 2020. In line with the UK and Irish Government advice against all but essential foreign travel, the UK & I business took steps to suspend its touristic travel programme beginning in mid-March 2020. Customers who were already overseas around this time experienced disruption to their holidays as a result of various containment strategies put in place by overseas authorities, including some holidays which returned earlier than planned.

Following the first wave of the pandemic, and the subsequent easing of travel restrictions, the UK & I business was able to operate a limited travel programme beginning in July 2020, focused initially on The Balearic islands and thereafter including Turkey and the Greek Islands during the months of August and September. However due to different and changing travel restrictions in both source market and destinations arising from increasing COVID-19 infection figures, various travel restrictions continued to be in place from July and various restrictions that had previously been eased were reintroduced.

Travel restrictions were put back in place in September and the Irish holiday programme, including Crystal Ski, continues to be suspended. As at the current time, all TUI, First Choice and Crystal holidays departing from Ireland are cancelled until the end of February 2021.

TUI AG has agreed a further financing package of EUR 1.8 billion with Unifirm Limited, a banking consortium, KfW and the Economic Stabilisation Fund (WSF). A corresponding term sheet was signed on 2 December 2020. The corresponding contracts for the individual components of the term sheet have been signed at the date of approval of these financial statements.

24. Post balance sheet events (continued)

The Directors have entered into an agreement on 17 December 2020 to transfer the tour operator business from TUI Ireland Limited to Adehy Limited (Irish Company No. 116977) due to regulatory implications of Brexit. The transfer was effective on 31 December 2020 and from 1 January 2021 all customer bookings will be undertaken by Adehy Limited. This results in a transfer of net liabilities into Adehy Limited of €0.2m. This can be analysed as follows: non-current assets €1m; current assets (which include a cash deposit held with the Irish regulator CAR) €9.8m; current liabilities of €10.3m and non-current lease liabilities of €0.7m.

25. 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 UK Limited, a company registered 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 via Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hannover or from the website www.tuigroup.com/en-en.

No other financial statements include the results of the Company.