3

TUI Ireland Limited (formerly Falcon Leisure Group (Overseas) Limited)
Reports of the Directors and financial statements
for the financial year ended 30 September 2017
Company number 2220337

Contents

Directors	J Gubbay B Vazquez
Registered Office	Wigmore House Wigmore Lane Luton LU2 9TN
Independent Auditor	Deloitte LLP Statutory auditor 2 New Street Square London EC4A 3BZ
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 and Directors' Reports on and the audited financial statements of TUI Ireland Limited (the "Company") for the financial year ended 30 September 2017.

On 2 October 2017, the Company changed its name from Falcon Leisure Group (Overseas) Limited to TUI Ireland Limited as part of the Thomson rebrand to TUI.

STRATEGIC REPORT

Principal activity

The Company's principal activity during the financial year continued to be that of a tour operator selling holiday related services in the Republic of Ireland within the TUI AG group of companies (the "Group").

Results and dividends

The Company's operating profit for the financial year ended 30 September 2017 was £4,639k (2016: loss £1,825k). No dividends were paid during the financial year (2016: £nil) and the Directors do not recommend the payment of a final dividend (2016: £nil).

Business Review

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

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Revenue	**85,172**	55,292
Profit / (loss) before taxation	**4,637**	(1,817)
Net assets	**12,318**	14,845

Key non-financial KPIs:

Customer numbers	177,408	154,528
Increase in pax	15%	7%

The tourism industry has enjoyed a good financial year in the Republic of Ireland with underlying revenue in EUR increasing by 22% (2016: 20% increase) year on year. Combination of expanding our third party flying capability (3PF) programme and rebranding has resulted in continued growth in demand as the customer experience is evolving and the TUI image becomes more visible to the Irish public. The profit before taxation reached £4,637k as the Company improved on the 2016 loss of £1,817k. The expectation of directors is the continued profitability for 2018 driven by the recently acquired Crystal Ski business (£13,323k revenue) and further development of 3PF partnerships.

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.

Licensable turnover

Licensable turnover, as defined by the Commission for Aviation Regulation, is £85,172k (2016: £55,292k) and is the conversion into sterling of the underlying Euro value of €96,585k (2016: €78,932k). All turnovers in the current and prior financial year are licensable.

Going Concern

The directors have considered the funding and liquidity of the company and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis in preparing the annual financial statements, further details can be found in Note 2 in the financial statements.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The overarching theme of 2017/18 will be the uncertainty provided by turbulent Brexit negotiations and the complexities of striking new trade deals. Whilst the weakness of sterling provides some opportunity for TUI Ireland (as the revenues are in Euros but only a portion of cost base is in British Pounds), the volatility of the macroeconomic environment has a potential to influence the economy and as a result impact customer demand. Despite the continued risk, the differentiation of our customer offering will ensure we continue to adapt in the ever changing business environment.

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

- Destination disruption risk. Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations, especially as these operations continue to extend into greater source markets worldwide. This risk includes natural catastrophes such as inclement weather, outbreaks of disease such as the Zika and Ebola virus; political volatility as seen in Egypt and Greece in recent financial years; and the implications of war and terrorism in countries close to our source markets and destinations as seen in the tragic incidents in Tunisia in 2015, Turkey in 2016 and Barcelona in 2017. The summer flying programme in particular is exposed to risk of natural disaster, as recent events in Mexico (earthquake) and Caribbean (Hurricane Maria and Irma) have shown. Though there was no impact due to flights only operating between June and July, the natural hazards have highlighted the levels of uncertainty posed by the natural environment. The impact on other businesses within the group has provided significant learning lessons which will be implemented across the business going forward.
- Price sensitivity. Spending on travel and tourism is discretionary and price sensitive. The economic outlook remains uncertain with different destinations at different points in the recovery cycle. Consumers are also waiting longer to book their trips in order to assess their financial situation. If we do not respond successfully to changes in consumer demands and preferences, our short-term growth rates and margins will fall below expectations. The growth of competitors such as JET2 mean we need to respond successfully to changes in consumer demands. The economic outlook and increasing financial pressures on customers have a potential to impact our rates and margins as evident by the recent collapse of Monarch which provides opportunity.
- Consumer preferences and desires. The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. In recent financial 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. Consumer tastes and preferences have evolved in recent financial years as well, with more consumers booking their holidays online and via mobiles and tablets, and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption, or if our products and services fail to meet changing customer demands and preferences, our turnover, market share and profitability will suffer as a result.
- Legal & regulatory compliance. The Company 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. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays. There is also the trend of spurious claims for food poisoning as experienced in the industry in 2017, which has the added risks of financial liabilities through legal action being taken by the affected parties and potential reputational damage.

STRATEGIC REPORT (continued)
Principal risks and uncertainties (continued)

- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our increasing dependence on online sales and customer care channels 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.
- **Brand change.** The TUI Group's near term strategy is to migrate its many local primary brands into one global brand which may impact the brands used by the Company. There is an inherent risk when executing such a large scale brand strategy, that we may not be able to maintain the benefits of local brand equity throughout the process.
- **Border control.** The discussion surrounding the Irish border is likely to directly impact customers traveling across the border to various airports or in search of favourable rates when purchasing holidays. The impact on trade is likely to be minimal as the core of the trade is based in Southern Ireland. Our view on the situation remains optimistic as the border issue remains a key topic in Brexit negotiations.
- **IT development and strategy.** Our focus is on enhancing customer experience by providing engaging, intuitive, seamless and continuous customer service through delivery of leading 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. There is a risk that if we fail to keep up with or outpace the market and evolving consumer preferences, we do not concentrate our activities on the correct areas for overall business success, do not ensure continuity of service for critical IT systems and/or do not execute our strategy and developments in line with expectations, our customer numbers, revenue and profitability will ultimately be impacted.
- **Seasonal cash flow.** Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the summer season.
- **Talent management.** The Company's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and maintain the commitment and trust of our employees, we risk not maximising our operating results and financial performance.
- **Supply chain risk.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers. This is further heightened by the industry convention of paying in advance to secure room allocations. If we are unable to manage financial exposure, should the demand drop, the Company could be exposed to financial losses.
- **Sustainable development.** Our focus is to reduce the environmental impact of our holidays, creating positive change for people and communities and being a pioneer of sustainable tourism across the world. There is a risk that we are not successful in driving forecast environmental improvements across our operations, that our suppliers do not uphold our sustainability 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 on the environment to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, and sustained long term damage to the Company's current and future destinations, reduction in demand for our products and services and loss of competitive advantage.

During the financial year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group and the Directors of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how these are mitigated, can be found on pages 30-45 of the TUI AG Annual report and Accounts, 2016/17. Details of where these financial statements can be obtained are in Note 19 of these financial statements.

DIRECTORS' REPORT

Directors

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:

J Gubbay
B R Vazquez (appointed 31 March 2017)

Other Directors who served during the financial year were:
A Flintham (resigned 1 September 2017)

Independent auditor

Following a decision by the Audit Committee and Supervisory Board of the ultimate parent company TUI AG, the Group audit appointment for the financial year ending 30 September 2017 was rotated in line with EU regulations, and 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.

Business review

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

Research and Development

The company does not have research and development costs in current or prior years. Any research or product development would be done at group level.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to hedge these exposures.
Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company's credit risk is primarily attributable to its trade receivables.

Financial risk management objectives and policies (continued)

Credit risk (continued)
The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses intergroup funding.

Political donations
No political donations were made during the year (2016: €nil) and the Company complied with the Electoral Act 1997 during the year.

Post balance sheet events
Details of post balance sheet events can be found in Note 18.

On behalf of the Board

J Gubbay
Director

Company Number 2220337 Date: 31 January 2018

Statement of Directors' responsibilities

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:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of TUI Ireland Limited (the 'company') which comprise:

- the statement of total comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 20.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 Statement of Directors' Responsibilities, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 31 January 2018

TUI Ireland Limited

Statement of Total Comprehensive Income for the financial year ended 30 September 2017

	Note	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Revenue		85,172	55,292
Cost of sales		(77,991)	(54,930)
Gross profit		7,181	362
Administrative expenses		(2,542)	(2,187)
Operating profit / (loss)		4,639	(1,825)
Net finance (expense) / income	6	(2)	8
Profit / (loss) before taxation	7	4,637	(1,817)
Tax (expense) / credit	9	(598)	206
Profit / (loss) for the financial year attributable to owners of the parent		4,039	(1,611)
Total comprehensive income / (expense) for the financial year attributable to owners of the parent		4,039	(1,611)

TUI Ireland Limited
Statement of Financial Position as at 30 September 2017

	Note	30 September 2017 £'000	30 September 2016 £'000
Non-current assets			
Deferred tax asset	10	-	265
Derivative financial asset	11	-	292
		-	557
Current assets			
Trade and other receivables	12	58,760	74,801
Derivative financial asset	11	341	3,031
Cash and cash equivalents		28,337	7,187
		87,438	85,019
Total assets		87,438	85,576
Current liabilities			
Trade and other payables	13	(74,194)	(63,490)
Income tax payable		(529)	(4)
Derivative financial liability	11	(181)	(6,877)
Provisions for liabilities	14	(216)	(204)
		(75,120)	(70,575)
Non-current liabilities			
Derivative financial liability	11	-	(156)
		-	(156)
Total liabilities		(75,120)	(70,731)
Net assets		12,318	14,845
Equity			
Called up share capital	15	510	510
Retained earnings	17	11,808	14,335
Total equity attributable to owners of the parent		12,318	14,845

The notes on pages 15 to 24 form part of these financial statements.

The financial statements on pages 11 to 24 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

J. Gubbay

J Gubbay
Director

Date: 31 January 2018

TUI Ireland Limited
Statement of changes in equity for the financial year ended 30 September 2017

	Note	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015		510	15,946	16,456
Total comprehensive expense for the financial year		-	(1,611)	(1,611)
At 30 September 2016		510	14,335	14,845
Total comprehensive income for the financial year		-	4,039	4,039
Retained earnings acquired on business combination	20	-	(6,567)	(6,567)
Share-based payments		-	1	1
At 30 September 2017		**510**	**11,808**	**12,318**

	30 September 2017 £'000	30 September 2016 £'000
Operating activities		
Profit / (Loss) before interest and tax	4,639	(1,825)
Unrealised foreign exchange loss / (gain) on cash and cash equivalents	729	(1,343)
Unrealised foreign exchange (gain) / loss on derivatives	(3,870)	3,710
Decrease / (increase) in trade and other receivables	16,041	(28,929)
Increase in trade and other payables	10,704	32,502
Increase in provisions	12	99
Share based payments reserve	1	-
Income tax received	192	10
Net cash flows generated from operating activities	28,448	4,224
Financing activities		
Interest paid	(14)	(1)
Net cash flows from financing activities	(14)	(1)
Investing activities		
Interest received	12	9
Acquisition of Crystal Ireland business	(6,567)	-
Net cash flows generated from investing activities	(6,555)	9
Net increase in cash and cash equivalents	21,879	4,232
Cash and cash equivalents at the beginning of the financial year	7,187	1,612
Exchange (loss) / gains on cash and cash equivalents	(729)	1,343
Cash and cash equivalents at the end of the financial year	28,337	7,187

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 that of a tour operator within the TUI AG group of companies (the "Group") selling holiday-related products and services to customers 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 '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. The Company has elected to adopt FRS 101 for the financial year ended 30 September 2017 as it meets the definition of a qualifying entity of TUI AG as defined by FRS 100.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 3 to 7.
The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

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

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of TUI UK Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Functional and presentational currency

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this 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 the statement of total comprehensive income.

The financial statements are presented in currency of British Pounds, rounded to the nearest Pound.

3. **Summary of significant accounting policies**

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

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 *Disclosure Initiative*	The Company has adopted the amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to financial year-end rates are recognised in the statement of total comprehensive income and are classified within the income statement in the same category to which the underlying item is recognised.

Derivative financial instruments and hedging activities

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in the fair value of derivatives are recorded in the income statement within the same category as the underlying hedged item is classified to reflect the economic substance of the hedge notwithstanding that hedge accounting is not applied (refer also policy on Foreign currency translation above).

Trade and other receivables

Trade and other receivables are amounts due from customers or other group companies for services performed in the ordinary course of business. If collection is expected in one financial year or less they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment losses.

Impairment of financial assets

The Company's financial assets held at amortised cost are assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

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.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

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

Accrued and Deferred Income
Client monies received at the balance sheet date relating to holidays commencing and flights departing after the financial year end are deferred and included within accruals and deferred income in trade and other payables. If the date of departure is in one financial year or less they are classified as current liabilities, if not, they are presented as non-current liabilities.

Provisions
A provision is recognised in the balance sheet 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.

Revenue
The Company has one class of business acting as a tour operator. Revenue originates solely from the rendering of services and 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. The Company recognises revenue on the date of departure of the holiday and the related costs of accommodation, transfers and flights are charged to the statement of total comprehensive income on the same basis. Cancellation and amendment income is recognised at the time of the transaction.

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 receipt of final payment, 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 intermediaries dependent on a number of criteria, principally the control exercised over the provision of service, inventory risk and customer credit risk.

All revenue originates within the Republic of Ireland.

Finance Expense or Income
Finance expenses recognised in the statement of total comprehensive income mainly comprises bank interest.

Marketing and other direct sales costs
Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

Current and deferred tax
The tax expense for the financial year comprises current and deferred tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the financial year. 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 balance sheet 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.

3. Summary of significant accounting policies (continued)

Operating profit
Operating profit is stated before investment income and finance costs.

Share capital
Ordinary shares are classified as equity.

4. **Reduced disclosures permitted by FRS 101**
The Company meets the definition of a qualifying entity of TUI AG, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of TUI AG. Details for obtaining the Group financial statements of TUI AG can be found in Note 19. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

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

5. **Critical accounting estimates and judgments**
The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgments, 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.

5. Critical accounting estimates and judgments (continued)

Critical judgments in applying the company's accounting policies
The following are the critical judgments, 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 financial statements.

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

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that 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.

Liabilities
In accounting for provisions, judgement is required in determining occurrence probability, maturity and level of risk. Judgement and estimation is required in determining the dilapidation and related cost provision. Details of provisions made and the bases by which provisions have been calculated are disclosed in Note 14.

6. Net finance (expense) / income

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Bank interest income	12	9
External interest expense	(14)	(1)
Total finance (expense) / income	(2)	8

7. Profit / (loss) before taxation

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Profit / (loss) before taxation is stated after expensing /(crediting):		
Foreign exchange losses	518	396
(Gain) / loss from derivatives accounted at fair value through profit and loss (Note 11)	(3,870)	3,710
Intercompany write off of expenses	-	156
Provision for dilapidation and related costs (Note 14)	70	101

Auditor's remuneration
In 2017 and 2016, the auditor's remuneration was borne and paid by TUI UK Limited and not recharged out separately, thus £nil in both years

8. Employees and Directors

Employee costs for the Company during the financial year were:

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Wages and salaries	1,327	1,243
Social security costs	163	132
Other pension costs	37	57
	1,527	1,432

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

	Financial year ended 30 September 2017 Number	Financial year ended 30 September 2016 Number
Selling and distribution	27	21
Administration	18	18
	45	39

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 total comprehensive income in respect of pension costs are the contributions payable in the financial year, being £37k (2016: £57k). Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Directors' remuneration

The Directors received no remuneration for their services as Directors of the Company (2016: £nil).
The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company – Josh Gubbay is paid by TUI UK Ltd while Belinda Vazquez has her remuneration split between TUI UK Retail Ltd and TUI Ireland Limited.

It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of another Group company. There were no qualifying services for the current or prior year.

9. Tax expense/(credit)

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

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

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Current tax:		
Corporation tax at 12.5% (2016: 12.5%)	528	1
Adjustment in respect of prior periods	(195)	-
Total current tax	333	1

9. Tax expense/(credit) continued

Deferred tax:		
Origination and reversal of temporary differences:	70	(207)
Adjustment in respect of prior periods	195	-
Total deferred tax (Note 10)	**265**	(207)
Total tax expense/(credit) in the statement of total comprehensive income	**598**	(206)

(ii) Factors affecting the tax expense/ (credit) in the financial year

The tax expense (2016: credit) for the financial year ended 30 September 2017 is greater than (2016: lower than) the standard rate of corporation tax in the Republic of Ireland of 12.5% (2016: 12.5%). The differences are shown in the table below:

	Financial year ended 30 September 2017 £'000	Financial year ended 30 September 2016 £'000
Profit/(loss) before taxation	**4,637**	(1,817)
Profit/ (loss) multiplied by the effective standard rate of corporation tax in the Republic of Ireland of 12.5% (2016: 12.5%)	**579**	(227)
Effects of:		
- Tax on medical premiums	**1**	1
- Expenses not deductible for tax purposes	**18**	20
Total tax expense/(credit) in the statement of total comprehensive income	**598**	(206)

(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.

10. Deferred tax assets

	30 September 2017 £'000	30 September 2016 £'000
Tax losses	-	265
	-	265

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

Deferred tax assets	Tax losses £'000
At 1 October 2016	58
Credited to the statement of total comprehensive income	207
At 30 September 2016	265
Expensed to the statement of total comprehensive income	(265)
At 30 September 2017	-

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2017 or 30 September 2016.

11. Derivative financial instruments

	30 September 2017		30 September 2016	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	341	(181)	3,323	(7,033)
Total	341	(181)	3,323	(7,033)
Less non-current portion:				
Forward foreign exchange contracts	-	-	292	(156)
	-	-	292	(156)
Current portion	341	(181)	3,031	(6,877)

Forward foreign exchange contracts are used by the Company to mitigate against the risk of adverse foreign exchange losses on future expected payments to suppliers and receipts from customers.

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

The amount recognised in the statement of total comprehensive income that arises from derivatives amounts to a net gain of £3,870k (2016 loss: £3,710k).

12. Trade and other receivables

	30 September 2017	30 September 2016
	£'000	£'000
Trade receivables	406	179
Amounts due from group undertakings	57,007	73,436
Group relief receivable	195	-
Other receivables	1,033	932
Prepayments and accrued income	119	254
	58,760	74,801

Amounts due from group undertakings

Amounts due from group undertakings are unsecured, bear no interest and repayable on demand. Amounts due from group undertakings are due from wholly owned members of the TUI AG group of companies (2016: £73,436). During the year the company sold Group Relief to Adehy (£75k) and Specialist Holidays Limited (£120k). This has been disclosed separately from other amounts due from Group undertakings for sake of transparency.

13. Trade and other payables

	30 September 2017	30 September 2016
	£'000	£'000
Trade payables	6,008	3,909
Amounts due to group undertakings	57,861	47,858
Other payables	64	313
Client monies received in advance	5,244	3,272
Taxation and social security	31	30
Accruals	4,986	8,108
	74,194	63,490

During the financial year the Company has changed the recognition of accommodation costs, which are now charged directly to the Company. In the prior financial year these costs were recharged to the Company by other group undertakings.

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, bear no interest and repayable on demand. Of the balance, £57,855 (2016: £47,229) is due to wholly owned members of TUI AG group of companies.

14. Provisions for liabilities

Analysis of the movements during the financial year:

	Dilapidation and related costs £'000	Other costs £'000	Total costs £'000
At 1 October 2016	103	101	204
Provided during the financial year	2	68	70
Utilised during the financial year	-	(58)	(58)
At 30 September 2017	**105**	**111**	**216**

Analysis of total provisions:	30 September 2017 £'000	30 September 2016 £'000
Non-current	-	-
Current	216	204

Dilapidation and related costs

In 2017 the provision of £105k (2016: £103k) related to the dilapidation and related costs of a previously leased property, it is expected to be utilised within one financial year.

Other costs

The other provision of £111k (2016: £101k) relates to outstanding customer claims.

15. Called up share capital

	30 September 2017 £'000	30 September 2016 £'000
Authorised		
615,000 (2016: 615,000) preference shares of £1 each	615	615
600,000 (2016: 600,000) ordinary shares of £1.00 each	600	600
Issued and fully paid, presented as equity		
510,000 (2016: 510,000) ordinary shares of £1.00 each	510	510

16. Related party transactions

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

Related party	Revenue Year ended 30 September 2017 £'000	Revenue Year ended 30 September 2016 £'000	Expenses Year ended 30 September 2017 £'000	Expenses Year ended 30 September 2016 £'000
Hotel and resort subsidiaries of TUI AG	-	-	(91)	-
Hotel, resort and other associates and joint ventures of the Group	-	-	(192)	(906)
Total		-	(283)	(906)

16. **Related party transactions (continued)**

The following amounts were outstanding at the balance sheet date:

Related party	Receivables outstanding		Payables outstanding	
	30 September 2017 £'000	30 September 2016 £'000	30 September 2017 £'000	30 September 2016 £'000
Hotel and resort subsidiaries of TUI AG	-	-	(2)	-
Hotel, resort and other associates and joint ventures of the Group	-	-	(4)	(629)
Total	-	-	(6)	(629)

17. **Reserves**

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

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

18. **Post balance sheet events**

On 2 October 2017, the Company changed its name from Falcon Leisure Group (Overseas) Limited to TUI Ireland Limited as part of the Thomson rebrand to TUI.

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

20. **Business combination**

On 1 October 2016, the Company purchased the Irish division of Crystal Ski, Lakes and Mountains (registered office: Dst House, St. Mark's Hill, Surbiton KT6 4BH) from Specialist Group Holdings Ireland Limited for a cash consideration of £6,868k (EUR 7,293k). The book value of the net assets was £nil.

The transaction was treated as a transfer of trade and assets, with the assets and liabilities brought onto TUI Ireland Limited's books at book value. The difference between the consideration paid, foreign exchange gain of £301k and net book value was taken to reserves, totalling £6,567k. There are no differences in accounting policies between the acquired business and the Company.