TUI UK Retail Limited
Annual Report and financial statements
for the financial year ended 30 September 2023
Company number 1456086

Contents

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Registered number	1456086

The Directors present their Strategic Report on TUI UK Retail Limited (the "Company") for the financial year ended 30 September 2023.

Principal activity
The Company's principal activity during the financial year continued to be the operation of retail travel agency outlets within the TUI AG group of companies (the "Group"), selling holiday-related products and services. The Company expects this to continue for the foreseeable future.

Key Performance Indicators
The Directors and the Executive Committee of TUI AG manage the Group's operations on a divisional basis. The operating activities of the Company are intrinsically linked to that of other trading companies within the Group, as it sells the travel related products of both TUI UK Limited and Marella Cruises Limited. This results in a highly integrated operation spanning TUI UK & Ireland as well as the wider TUI AG Group. The Company forms part of the Northern Region of the Markets and Airlines segment of the Group.

The development, performance and position of the Northern Region of the Markets and Airlines segment of the Group, which includes the Company, are discussed in the TUI AG Annual Report 2023 within "Segmental performance" on pages 67-71 and in the "Segment reporting" disclosures on pages 206-209, which does not form part of this report. The Group's annual report can be obtained from the sources set out in Note 28 of the accompanying financial statements.

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 2023	Financial year ended 30 September 2022
Revenue		
Increase in revenue expressed as a percentage (%)	**22**	459
Gross profit (£m)	**6**	6
Loss before taxation (£m)	**(9)**	(11)
Net liabilities (£m)	**(103)**	(56)
Non-financial KPIs		
Trading retail store numbers at 30 September	**318**	309

Dividends
No interim or final dividends were paid or declared during the current or prior year.

Review of the business
The TUI UK & Ireland group of companies (the "UK & I business" which includes this Company and the following principal trading entities: TUI Airways Limited; TUI UK Limited; TUI Holidays Ireland Limited and Marella Cruises Limited) has seen a return to more typical levels of operations across both the Winter and Summer seasons. There has been strong customer demand for all products, with any impacts of COVID-19 observed in the prior years now successfully alleviated.

As a consequence, across the year, the Company saw the passenger volume delivered through its Retail estate grow, as customers continued to value the expertise that can be offered by a travel agent when booking their holiday. In response to this and to help support the growth aspirations of the business, the Company took the opportunity to open some new stores in under-represented areas, which also enhanced brand presence. The shape and size of the retail estate over time will continue to be refined as we understand how customers prefer to purchase their holidays and the benefit derived from brand presence.

Overall, the directors are satisfied with the Company's performance.

Review of the business (continued)

The global travel industry still faces some key challenges. Cost inflation (driven by higher energy costs and labour supply shortages), higher interest rates and foreign exchange fluctuations all impact supplier cost bases, as well as putting a squeeze on household income and hence consumer sentiment. In this context customers value brands which they can depend on and which deliver choice and flexibility in configuring the right product for them.

It is expected that customer numbers will be more aligned with 2019 levels in financial year 2024. The provision of dynamic production capacities for flights and accommodation and the investments in digitalisation are expected to further improve the results.

Liquidity development

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures.

A summary of the TUI AG financing facilities as at 30 September 2023 is shown below:

	Instrument	**Facility €m**	**Utilisation €m**	**Maturity date**
Bank facilities	RCF (unsecured)	1,454	Fully undrawn	July 2026
		190	109.2	
		1,050	Fully undrawn	
	Schuldschein	242	242	July 2025/28

This funding is available for use by selected companies within the TUI AG Group.

The financing measures undertaken are described in more detail in Note 2.

Funding, liquidity and going concern

At 30 September 2023, the Company had net liabilities of £103m (2022: £56m liabilities).

In March 2024, 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.

As described in Note 2, the Directors have prepared the financial statements on a going concern basis.

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

Details regarding the Company's lease commitments, pension funding and financial and other commitments are contained in Notes 20, 22 and 26 respectively.

Employee involvement and communication

We have engaged colleagues with great ideas and strive to involve our people with matters impacting them. We receive feedback through employee opinion surveys, which form an important strategic tool across the Company, as they provide honest feedback that can drive business improvements. We value two-way communication, having a significant number of proactive employee forums in place, to ensure that we have an on-going dialogue to involve colleagues with matters that are important to them. This is facilitated through elected employee representatives and, directly, in team meetings and larger briefings. Further information in respect of "Our people", can be found in the Section 172 report.

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

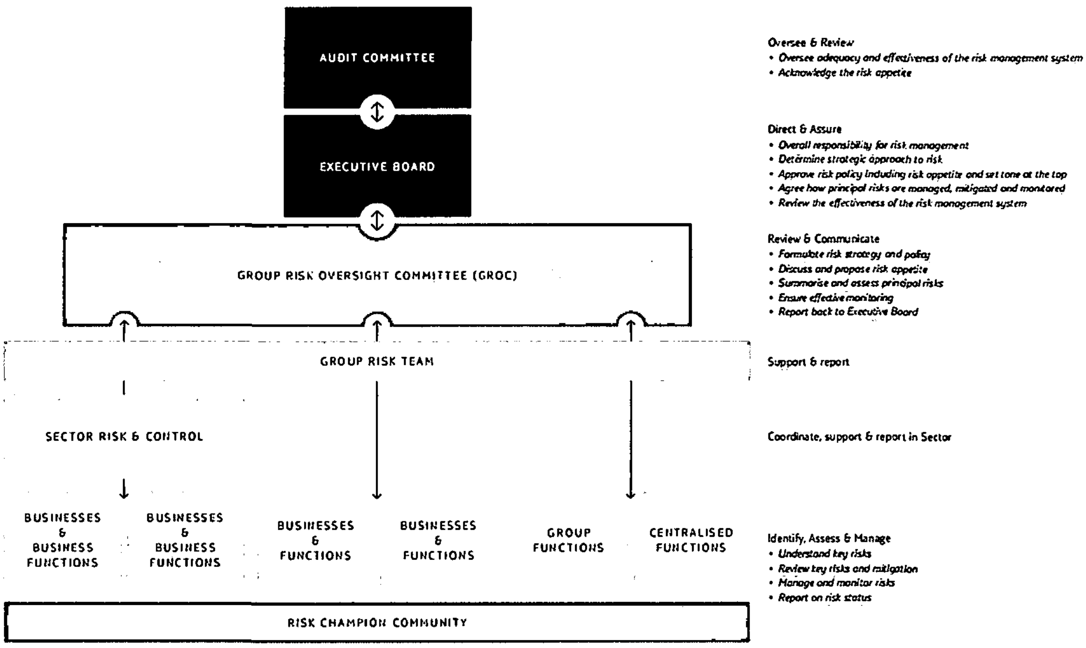
Details of post balance sheet events can be found in Note 27.

Principal risks and uncertainties

Successful management of existing and emerging risks is critical to the long-term success of TUI's business and achieving the Group's strategic objectives. To take advantage of market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree, therefore risk management is an integral component of our businesses and the Group's Corporate Governance. TUI's fully developed risk management system is not limited to identifying only those developments that could jeopardise the companies continued existence, it also includes the active management of all other material risks.

In financial year 2023, the Group has conducted a Climate Scenario Analysis following the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD) initiative. Certain risks and opportunities resulting from projected climatic changes have been identified and assessed. Given the importance of climate change, TUI is using its established Risk Management Process to facilitate the management of these risks. Given the variety of potential impacts on our business and to report on these elements centrally, we have decided to set up a new principal risk "Climate change impacting our business model" on pages 10-11.

TUI Risk Management Governance



Every business and function in the Group is required to adopt the Group Risk Management policy. In order to do this, each business either has their own risk committee or includes risk as a regular agenda item at their Board meetings to ensure that it receives the appropriate senior management attention. In addition, each business appoints a Risk Champion, who promotes the implementation of the risk management policy and ensures its effective application. The Risk Champions are in close contact with the Group Risk team and are critical both in ensuring that the risk management system functions effectively, and in implementing a culture of continuous awareness and improvement in risk management and reporting.

Principal risks and uncertainties (continued)
As noted, the Company's operations are intrinsically linked to the operations of the wider Group, in particular TUI UK & Ireland ("UK&I"). As a result of this, the principal risks and uncertainties of the business are considered alongside those of the wider UK&I business, in the UK&I risk committee.

Risk identification and mitigation is at the core of our entire business structure. The process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the businesses and functions. It is consolidated, reported, and reviewed at varying levels throughout the Group on at least a quarterly basis.

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. They have been categorised across three risk types:

- Financial risks
- Operational risks
- Compliance risks

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

- **Financial risk.** The Company's activities expose it to financial risk, including credit risk, liquidity risk and cash flow risk.

  The vast majority of our trade receivable and other receivable balance is due from subsidiary undertakings of the Group and monies held as security by the regulator and financial providers, which have a low risk of default.

  To minimise liquidity risk, the Company's financial management is centrally operated by TUI AG which acts as the Group's internal bank. The financial management goals include ensuring sufficient liquidity for TUI AG and its subsidiaries and limiting financial risks from fluctuations in currencies, commodity prices and interest rates as well as default risks of treasury activities.

  The Group operates liquidity safeguards which have the following two components:

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

  ii) The Group uses syndicated credit facilities and bilateral bank loans as well as its liquid funds to secure sufficient short-term cash reserves. Through intra-group cash pooling, the cash surpluses of individual Group companies are used to finance the cash requirements of other Group companies. A weekly rolling liquidity planning system is the basis for arrangements with banks.

  Despite the financial backing of a global organisation the Company recognises that it still faces a number of financial risks, mainly due to the highly seasonal nature of its tour operator business and changes in the way customers purchase their holidays, as there has been a move away from the traditional sales channels.

  Tourism is an inherently seasonal business with the majority of profits earned in the 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.

  The retail high street has seen a number of large retailers ceasing to trade in recent years, as foot fall on the high street has fallen. In spite of this, across the last year the Company actually saw the passenger volume delivered through its estate grow, as customers continued to value the expertise that can be offered by a travel agent when booking their holiday. Being in a global organisation has enabled investment in next generation retail stores, which in combination with an integrated travel related product provides a compelling offering to the customer that cannot be achieved online. The shape and size of the retail estate over time will continue to be refined as we understand how customers prefer to purchase their holidays.

Principal risks and uncertainties (continued)

- **Lack of integration and flexibility within operations and IT systems.** Our focus is on enhancing our operations and customer experience by providing engaging, intuitive, seamless, and continuous customer service through the integration of our businesses, the development of core platform capabilities and technical infrastructure providing-flexible IT services required to support the Group's overall strategy for driving profitable top line growth based on growth in market share, customer growth, product growth and sustainability.

  The Group recognizes that there is a risk of ineffective strategic execution, arising from various factors including:
  - Failure to notice and respond to structural shifts in market trends;
  - Failure to prioritise strategic initiatives with the greatest impact for TUI;
  - Lack of resource to deliver strategic initiatives; and
  - Inadequate execution of strategic initiative.

  The lack of integration and flexibility within our systems and operations, particularly in the Markets & Airline businesses could impact on the Group's competitiveness and its ability to provide a superior customer experience as well as to deliver on quality and operational efficiency.

  In order to mitigate this risk a number of actions have been put in place, including:
  - Regular updates on and discussion of strategic topics and initiatives across the Group structure;
  - Allocation of resource to strategic initiatives;
  - Strategic initiatives and KPIs incorporated into Budget and Forecasting processes; and
  - Evaluation of the current and future leisure experiences market landscape based on analysis of consumer needs, development of supply, emerging trends, innovation, considerations of sustainability and resource availability.

- **Reduction in customer demand.** Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain. 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.

  The price increases observed in the year under review had no relevant impact on customer demand.

  Adverse climate conditions (heatwaves, droughts, heavy rain, wildfires) bear the risk that customer demand for popular holiday destinations, where TUI is active, decline. This could impact our mid-term growth and the valuation of the Group's hotel assets in these countries.

  This risk is mitigated by many factors including:
  - Our integrated business model enables us to respond robustly to competitive threats;
  - Developing new concepts and services which match the needs and preferences of our customers;
  - Leveraging our scale to keep costs down and prices competitive; and
  - Promoting the benefits of travelling with a globally operating tour operator to increase customer confidence and peace of mind.

Principal risks and uncertainties (continued)

- **Volatility of input cost.** A significant proportion of the operating expenses are in non-local currency which therefore exposes the business to fluctuations of exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. Although still not back to pre-pandemic levels of hedging lines, we have significantly improved our positions against future volatilities for the upcoming winter and summer seasons.

  Furthermore, changes in macroeconomic conditions, such as those that were experienced as a result of the pandemic and other geo-political events, like the war on Ukraine, can have an impact on input costs and exchange rates.

  The increase in inflationary pressures has led to central banks increasing interest rates. The aggressive raising of US interest rates by the US Federal Reserve vs. a slower pace of monetary tightening by other central banks, most notably the ECB, has increased interest rate differentials and caused the US dollar to strengthen against other currencies such as the Euro and British Pound. Where the Group has unhedged exposures, this will have an adverse impact on input costs denominated in US dollars.

  Measures in place to mitigate these risks include:
  - An established local Treasury team which manages the hedging position of the Company based on a defined hedging policy, which feeds into the Hedging Committee, that monitors the Group's overall hedging position;
  - Appropriate derivative financial instruments are used to provide hedging cover for the underlying transactions involving foreign currency;
  - Maintaining an appropriate hedging policy to ensure that hedging cover is taken out ahead of the markets' customer booking profiles. This provides a degree of certainty over input costs when planning pricing and capacity, whilst also allowing some flexibility in prices so as to be able to respond to competitive pressures if necessary; and
  - Tracking the foreign exchange market to ensure the most up-to-date market intelligence and the ongoing appropriateness of our hedging policies.

  These risks are partially mitigated by:
  - The TUI App and the 24/7 contact centre.
  - The ability to utilise the service rep's supporting other source markets.
  - An established process to make the requirement for visas as customer friendly as possible.
  - Regular engagement with the relevant UK and EU decision makers to stress the continued importance of a liberalised and less regulated aviation market across Europe to allow access to investment capital and to protect consumer choice in both regions.

- **Disruption to IT systems (cyber-attacks).** Our responsibility is to protect the confidentiality, integrity and availability of the data we process for our customers, employees, and businesses.

  This is an evolving risk due to increasing digitalisation, our supply chain, emerging technologies such as generative AI, growing global cyber-crime activity, Russia-Ukraine conflict and more regulation (e.g. GDPR). Our consolidation under the TUI brand and increasing dependence on online sales and customer care increases our exposure and the potential worst-case impact of a successful cyber-attack.

  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)

- **Disruption to IT systems (cyber-attacks) (continued).** This risk is mitigated in a number of ways:
    - Ensuring that the existing and future IT systems are secure by design and are protected against denial-of-service attacks that could impact system availability, that exposure to vulnerability is managed and user access is monitored;
    - Colleagues are made aware of information security risks through appropriate training, awareness campaigns and lessons learned from real or simulated cyber incidents;
    - TUI's Information Security Management System ensures a coordinated, standards based, proactive approach to the identification and management of information security risk across the Group with security integrated into all software development and release processes ;and
    - Security risk assessment methodology, controls, policy, and guidelines have been updated to include provisions for the assessment and secure use of Generative AI. Maturity and coverage of our Security Operations Centre and platform is continuously increasing to anticipate, detect and respond to cyber-attacks and information security incidents.

- **Lack of sustainability improvements.** For the Group, economic, environmental, and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our business. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector.

  Our focus is to reduce the environmental impact of our operations and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby driving the sustainable transformation of the tourism industry.

  There is a risk that we are not successful in driving social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably.

  If we do not maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, and reduction in demand for our products and services.

  The Group Sustainability department sets clear goals, priorities, and the framework to deliver the Sustainability Agenda. The TUI Sustainability Agenda's purpose is to set and drive industry standards, ambitious goals and develop transformation roadmaps and frameworks for all parts of the business while actively engaging colleagues, partners and customers. This is key, as the Group is a vertically integrated tourism business, whose operations are intrinsically linked, as the companies within the Group, use each other as part of their supply chain. E.g. The Company sells products provided by Group companies.

  To further mitigate the risk the Group operates one of the most carbon efficient airlines in Europe with continued investment in new, more efficient aircraft and cruise ships. TUI's ambition is to achieve net-zero emissions across all our operations and supply chain by 2050 at the latest. Science-based targets have been set for our airline, hotel and cruise operations by 2030, which have been validated by the Science Based Targets initiative (SBTi).

  The Group further promotes sustainability improvements through adherence to supply chain focused regulations (e. g. EU Supply chain due diligence regulation 2025), achieving ISO 14001 certifications in all TUI Airlines through environmental management system, applying the Global Sustainable Tourism Council (GSTC) Criteria to TUI experiences and enabling customers to make more sustainable holiday choices by launching TUI's Green & Fair label.

  At a Company level, there is a specific risk in relation to retail operations of low carbon technologies not being available to support the TUI Group's path to net zero in the medium-term. The Company is focussed on reducing the emissions generated by the retail network, as the Company is already using 100% green energy (confirmed by REGO certificates) and the fluorescent lighting is currently being replaced with LED lighting panels across the network of stores.

Principal risks and uncertainties (continued)

- **Reliance on key suppliers.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft, and cruise ships. This is heightened by the industry convention of paying hoteliers in advance ("prepayments") to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service.

  There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers.

  Methods to mitigate the risk include:
  - Use of reputable and financially stable suppliers, particularly in areas where a single supplier is used to provide a service;
  - Owned and joint venture partner hotels forming a substantial part of our program; and
  - Strong working relationships with all key suppliers while developing adequate controls around their operative ability and regularly monitoring supplier performance against agreed terms and conditions.

- **Disruption within our destinations.** Providers of holiday and travel services are exposed to the inherent risk of external events affecting destinations. This can include natural disasters such as wildfires in Greece, hurricanes in the Caribbean, outbreaks of disease, such as the COVID-19 pandemic; political instability or wars close to our destinations, such as in the Middle East, with an impact on our departures in Egypt or Turkey, as well as 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 operational disruption and costs. We may 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.

  We mitigate this risk by having well-established crisis management procedures and emergency response plans and business continuity plans in place which are activated when an event of this nature occurs which focus on the welfare of our customers. Within our Group Security, Health and Safety (SHS) centre of excellence we have a centralised Crisis Management Planning and Coordination function, providing centralised frameworks, personnel reporting structures, incident management systems and crisis communications plans for use in the local delivery of any response. In the event of a local event occurring, TUI can offer alternative options to our customers from our wide destination portfolio away from the affected area if necessary.

- **Climate change impacting our business model.** Climate change is a complex issue. There is significant uncertainty surrounding the climate system, as well as how the world will respond to mitigate the effects of climate change. However, physical effects are already being felt today and are predicted to worsen, and we're seeing increasing climate action.

  Increasing regulations and restrictions are targeting the airline and cruise industry, leading to increased costs.

  There is a risk of future fuels and technologies being costly or unavailable resulting in further cost increases preventing further decarbonisation and compliance with regulations.

  The operating activities of the Company are intrinsically linked to that of other trading companies within the Group, as it sells the travel related products of both TUI UK Limited and Marella Cruises Limited. Please refer to the "Lack of sustainability improvements" section above for further specific information in respect of the Company.

  The Group is committed to decarbonising its business and has set ambitious near-term science-based emissions reduction targets with the SBTi with reduction targets for 2030 and a net zero target for 2050. To achieve these targets the Group is:

Principal risks and uncertainties (continued)

- **Climate change impacting our business model (continued).**

  TUI Airlines
  - Procuring state-of-the-art aircraft;
  - Implementing operational efficiencies (including route optimisation); and
  - Planning to increase the use of sustainable aviation fuel ("SAF"). The Group already has cooperation agreements in place to promote the production and supply of SAF.

  Marella Cruises
  - Investing in energy efficiency ship operations, fuel-saving route optimisation and shore power in ports

  TUI Hotels & Resorts
  - Focused on renewable energy and resource-saving operational practices to reduce hotel emissions as far as possible.

  Other climate risk factors include:
  - A decline in revenue due to changes in consumer preferences and behaviour, increasing negative public sentiment towards travel and/or a decline in overall customer demand due to price increases reflecting higher capital and operational expenditures for low carbon products beyond customers' expectations.

    Managing both market and reputational risks depends on the successful implementation of our emissions reduction initiatives so roadmaps are in place to deliver on our science-based targets.

    The cost of flights is very likely to increase, and this "green Inflation" will have to be passed on by all market participants. As the Group has a state-of-the-art efficient fleet, it is likely that our cost increase will be competitive because the share of extra cost from low-carbon flying is lower in a package and we believe that the TUI Group has a greater opportunity to mitigate the additional cost.

  - Difficulties in obtaining access to financing and increasing cost of capital due to the inability to reduce emissions in line with market expectations.

    To mitigate this risk, the Group has set science-based emissions reduction targets for 2030 and a net zero target for 2050. The Group continues to develop relationships with new sources of finance and monitor the development of the market and is continuing its education process with lessors and the financial community to maintain confidence in the Group strategy.

  - Extreme weather events and longer-term shifts in climate patterns as a result of climate change are a risk due to the resultant damage to assets and the disruption of the business and transport hubs resulting in increased costs, delays and cancellations.

    We manage this risk through:
    - Insurance.
    - A large and diverse hotels & resorts portfolio.
    - Relatively short-duration lease contracts, enabling flexibility in case of changes in insurability.
    - Flexibility to adjust cruise itineraries in both the short- and long-term.
    - Working closely with airports in case of disruption and the continued evaluation of the risk profile of its material airports.
    - Reviewing the vulnerability of hotel and resort locations to a rising sea level, in the timeframe of our climate scenario analysis.
    - Considering climate related factors in any expansion plans.

Principal risks and uncertainties (continued)

- **Security, health & safety breach.** The safety and security of customers and colleagues is of paramount importance to any holiday and travel service provider. There is the risk of accidents, incidents or events occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday or provided activity or service. In addition to the harm caused to the affected individual(s), this could result in disruption to operational activities, reputational damage to the business and/or financial liabilities through loss of earnings, lack of demand and/or legal claims being brought by the affected parties.

  The established Group Security, Health & Safety ("Group SHS") centre of excellence oversees safety and security risk management activities, delivering alignment and consistency across the TUI Group. Data-led, risk-based Safety and Security Risk Management systems are in place and are subject to continuous review / improvement with Safety and Security Risk Management clauses included in supplier contracts and appropriate insurance policies in place to mitigate any financial losses.

- **Legal & regulatory compliance.** The Group operates across a number of economies and jurisdictions 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 damage to our reputation, leading to reduced revenues and/or higher input costs and incur fines or other sanctions from regulatory bodies.

  Risk-based compliance management systems are implemented and continually reviewed to ensure compliance with regulations and provide expert advice to local teams on specific compliance areas. There is embedded legal expertise in all major businesses maintaining high quality relationships with all relevant regulators and authorities and regular reporting of the Group's Integrity and Compliance to different bodies within the organisation to guarantee appropriate monitoring, supervision and implementation of action plans across the Group.

- **Inability to attract and retain talent.** Our success depends on the ability to attract, retain, and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability, and maintain the commitment and trust of our employees.

  Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximise on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence.

  We are mitigating this risk in several ways including:
  - Promoting a working from anywhere culture;
  - Developing internal talent pools of our high potential employees ensuring that they are diverse and inclusive; and
  - Supporting retention by refreshing our Performance Management processes, aligning our development opportunities to the business needs and communicating all internal vacancies to our employees.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group and the Directors of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how these are mitigated, can be found on pages 35-51 of the TUI AG 2023 Annual Report. Details of where these financial statements can be obtained are in Note 28 of these financial statements.

Section 172 statement
The operating activities of the Company are intrinsically linked to that of other companies within the Group. Given the integrated nature of operations across TUI UK & Ireland and the wider TUI AG Group, the governance structure therefore reflects this. A group executive committee exists at a TUI AG Group level, with a local executive board also in place for each operational entity.

All of the companies within the TUI AG group of companies (the "Group") comply with the group governance structure. Further information concerning the operation of the group governance structure can be found in the Corporate Governance Report in the Company's' Annual Report and financial statements.

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

By their nature, certain of the matters disclosed are not relevant for all of the companies listed below e.g. employee related disclosures, as not all of the companies listed have employees. The Directors have included the same disclosures in each of the companies listed below for the Section 172 statement in the companies' Annual Report and financial statements.

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

The Annual Report and financial statements for each of the companies listed above can be found on the Companies House website.

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 stakeholders, based on information available to them at the time.

The Company regards the key stakeholders relevant to its success to be our People, Customers, Suppliers, Communities and environment and Shareholders.

The Directors have complied with the requirements set out in Section 172(1) (a) to (f) of the UK Companies Act 2006 in the following ways:

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

Section 172 statement (continued)

- **Risk management (continued).** TUI's risk management system identifies, assesses, manages, and monitors the risks which could threaten the existence of the Group or have a significant impact on the achievement of its strategic objectives. It includes an internally-published risk management policy which helps to reinforce the tone set from the top on risk, by instilling an appropriate risk culture in the organisation whereby employees are expected to be risk aware, control minded and to 'do the right thing'. The policy provides a formal structure for risk management to embed it in the fabric of the business. Each principal risk has assigned to it a member of the TUI AG Executive Board as overall risk sponsor to ensure that there is clarity of responsibility and to ensure that each of the principal risks are understood fully and managed effectively. Every business and function in the Group is required to adopt the Group Risk Management policy with either their own risk committee or incorporating risk as a regular agenda item at their Board meetings to ensure that it receives the appropriate senior management attention within their business. In addition, the businesses each appoint a Risk Champion, who promotes the implementation of the risk management policy within their business and ensures its effective application. The Risk Champions are in close contact with the Group Risk team and are critical both in ensuring that the risk management system functions effectively, and in implementing a culture of continuous awareness and improvement in risk management and reporting.

  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, an appropriate degree of risk must be accepted. Risk management is therefore an integral component of the Group's Corporate Governance. Details of the principal risks and uncertainties the Company faces can be found in the Strategic report of the Annual Report and financial statements which can be found on the Companies House website.

- **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.

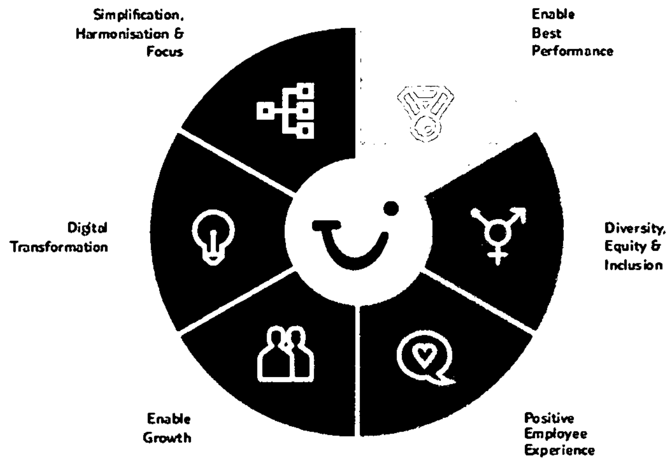
  The world of work is undergoing structural change and is characterised by digitalisation and an ever-faster pace. We offer hybrid working models in order to give our employees and future talents greater flexibility about where and when they work. This changes the way we work together and leads to new requirements in the communication between managers and their teams. Moreover, employees increasingly attach importance to diversity, a sense of belonging and greater wellbeing. Against this backdrop, the Company has developed its People Strategy. The goal of our People Strategy is reflected in our vision to be Digital, Engaging, and Inclusive:
  - **Digital:** We use digital tools to ease the workload for our employees, promote innovation and enhance efficiency.
  - **Engaging:** We invest in the development of employees and empower our executives.
  - **Inclusive:** We acknowledge difference and bring global and local teams together.

  Our People Strategy focuses on strengthening our business and the experience of existing and future employees. With this approach we want to create a framework to empower our employees to deliver their best performance and be successful as one team.

Section 172 statement (continued)

- **Our people (continued).**

People Strategy: areas of action



- **Simplification, Harmonisation, Focus**: Processes are being harmonised, standardised and communicated so as to create synergies and avoid duplication.
- **Digital Transformation**: Our goal is the harmonisation and digitalisation of our HR systems. We are continually expanding our digital HR solutions to facilitate data-based decision-making.
- **Enable Growth**: In order to retain our employees and recruit new people in a challenging labour market, we have initiated a range of measures to secure internal and external talent succession. This includes succession planning and targeted career development and by positioning TUI as an employer of choice.
- **Positive Employee Experience:** We want to create an environment in which people like to work. With the launch of the TUI Way of Working, alongside other employee-focussed initiatives, we created the key conditions to achieve that goal. The TUI Way of Working is our joint vision for the future of work at TUI and how to organise it globally and adjust it to local needs. We are seeking to create a culture of trust, offering flexibility for our employees. The core statement of that vision is: work is what we do, not where we go.
  TUI WORKWIDE is an innovative programme enabling people to work virtually from anywhere in the world for up to 30 days per year. Flexibility in terms of place and time is important for TUI as we firmly believe it promotes productivity and innovation.
  The Employee Listening strategy is continually updated with our goal to listen to our employees regularly, measuring their commitment and growing it in a sustained manner.
- **Diversity, Equity and Inclusion**: Our goal is to support and promote the wellbeing of our employees. We want them to feel accepted and appreciated. This includes welcoming and leveraging diversity. With TUI's Global Employment Statement and as a signatory to the UN Global Compact, the Group has made the following clear commitments:
  - We do not accept any discrimination based on nationality or ethnicity, sex, gender identity, sexual orientation, marital status, religion, world view, disability, age or social origin.
  - Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline and termination must be based solely on objective grounds.

Section 172 statement (continued)

- **Our people (continued).**

    - **Enable Best Performance:** In order to be successful together at TUI, we are seeking to empower our employees to deliver their top performance. We are supporting our executives and promoting dialogue between managers and employees. We are supporting our employees in preparing for tomorrow's challenges by continually updating the range of development and learning formats available such as the Sustainability Academy and How2 (conveying key leadership fundamentals) programmes.

      Our International Graduate Programme, which familiarises participants with commercial and head office functions within TUI over a two-year period was reactivated in 2023.

  In order to offer our employees a simple tool to engage in dialogue, we continued to provide our global Performance & Talent Management format Great Place to Grow. In doing so, we not only encourage all executives and their teams to provide feedback but can also check their progress and show appreciation for their performance and engagement.

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

  In order to further identify and understand the needs of our employees, we carried out the TUIgether+ survey in summer 2023. The goal of the survey was to capture sentiment across the entire organisation and transform the survey results into measures. The results of the survey have been consolidated at a business team level, and each team tasked with creating a plan to:
    - address any points identified as requiring improvement, and
    - maintain the areas of positive sentiment going forward.

  The Company promotes the physical and mental health of all its employees. The Group-wide body of health officers regularly deals with best practices, ongoing projects and the plans presented to it for health-promoting activities. Against the backdrop of global challenges, especially in relation to mental health, an even stronger focus will be placed in the future on aligning activities to common targets and establishing stringent processes.

  Employees have access to a dedicated wellbeing intranet site at TUI. This offers a wealth of benefits and information to help colleagues deal with events and issues in everyday life, including support and resources available through the Employee Assistance Programme, AXA's Health app and Occupational Health service and ABTA's Lifeline charity trust for help when its needed most.

  The pay package offered by the Company consists of various components, reflecting the framework conditions and the appropriateness of compensation and customary market rates. Depending on the function concerned, a fixed salary may go hand in hand with variable components, reflecting individual performance and promoting the sustainable participation of employees in the Company's long-term targets.

  Further information can be found on pages 91-98 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en.

- **Customers.** We place our guests and their individual wishes and needs at the centre of our organisation in order to offer them differentiated and consistent experiences. In this way, we aim to increase customer loyalty and tap into new customer segments, as satisfied guests are a decisive factor for the TUI Group's long-term growth. Our goal is to continuously adapt the customer experience to individual needs and to further personalise it. The more flexible and personalised design of our products and services is supported by the expansion of our product portfolio and our digital platform.

Section 172 statement (continued)

Customers (continued). Our integrated business model allows us to accompany our guests through the entire travel experience from booking, arrival, hotel stay and cruise to local activities and excursions – digitally and personally. The digital travel experience is complemented by the personal support of our employees, which our guests experience in our travel agencies, aircraft, and hotels, on our ships and in the destination.

The travel experience is about relaxing and winding down or discovering and exploring something new. However, the travel experience can also entail a wide range of risks. As far as possible, our activities aim to minimise these risks for customers and employees. The business takes a risk-based approach to prevent intentional risks to the well-being of our customers, such as crime or terror (Security) and offer all customers a safe travel experience, even in relation to unintentional risks (Health & Safety), for all services booked in the framework of their trips (e.g. flight, transfer to the hotel, hotel stay and excursions). TUI continually monitors and analyses safety-critical developments in destinations and discusses response measures with the markets and other involved business areas.

TUI operates Group-wide crisis and business continuity protocols and governance modules. Experienced crisis managers work within a team to cover areas such as customer, commercial, communications and insurance management. These experts across the Group facilitate a fast, flexible response to all levels of crisis. Appropriate reporting and coordination within the Group ensures that management is updated on all key incidents and developments and can immediately take decisions if necessary.

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

- The use of the Green & Fair label – which signposts customers to hotels certified as sustainable.
- Sustainability initiatives/choices communicated via TUI-owned channels – e.g. the inflight or in-cabin magazines, brochures, web, social channels etc.
- Sustainable items included for sale onboard the aircraft and shops on ships.
- Tracking the answers to questions in the post-holiday customer service questionnaires (TUI customers only), and a sustainability brand image statement question which we monitor alongside price, range, flexibility etc (all consumers).

- **Suppliers.** Our supply chain covers thousands of suppliers in more than 90 countries, including manufacturers of aircraft and cruise ships, laundry and other services provided to our hotels, tourist guides and other services our customers use in destination. We aim to achieve net-zero emissions in our supply chain by 2050.

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

  We also:

- expect our hotel partners (with more than 80 rooms and a TUI Occupancy rate of >10%) to implement sustainability certifications recognised by the Global Sustainable Tourism Council (GSTC) comprising standards for human rights, child protection and social welfare.
- apply the GSTC Criteria to our experiences programme. In FY22 we started certifications of the TUICollection portfolio and extended this process in FY23 to further excursion programmes we offer.
- have set out our activities and measures, implemented in our business operations and our supply chain to prevent human rights violations as per our Human Rights Policy Statement, published on TUI AG's website.
- require our business partners by contract, to observe all national and international anti-corruption laws applicable to the supplier relationship.

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. We firmly believe that sustainable development is critical for long term economic success. Together with our many partners around the world, we are actively committed to shaping a sustainable future for tourism.

  The Company has a governance structure in place that ensures that sustainability issues, along with climate-related risks and opportunities are assessed and actioned at all levels. A team of experienced sustainability professionals are working in close collaboration with senior management to ensure that TUI's business and sustainability activities are closely aligned.

  TUI Group Sustainability Agenda was published in February 2023. New priorities and strategic directions for TUI's sustainability activities were drawn up in consultation with internal and external stakeholders, taking account of current challenges, global scenarios, and mechanisms such as the EU Green Deal.

  Our Sustainability Agenda builds on tourism as a force for good. Together with our partners we continue to promote the positive effects of tourism on local communities, reduce our ecological footprint and create more sustainable holiday products for our customers.

  Our Agenda is founded on three priorities:
  - **People.** Empower people in the destinations and TUI employees to actively drive sustainable transformation.
  - **Planet.** Reduce TUI's ecological footprint.
  - **Progress.** Partner with others to launch initiatives for the sustainable transformation of our sector.

  The Sustainability Agenda-seeks to address the major challenges we will face in the coming decades, in particular climate change.

  The TUI Group's commitments include achieving net-zero emissions across our operations and supply chain by 2050 at the latest, setting near-term science-based emission reduction targets, becoming a circular business and enabling 20 million customers a year to make sustainable holiday choices by 2030. Please see the Principal risks and uncertainties - Lack of sustainability improvements section of the Strategic report, for further details.

  The Sustainability Agenda supports the United Nations' Sustainable Development Goals (SDGs) 17 global goals to fight inequality, end poverty and protect our planet by 2030 – and defines appropriate measures to contribute to their achievement. The tourism value chain is closely linked with many different sectors. This enables us to influence progress on many SDGs, with a particular focus on 13 of these goals.

  We seek to provide our colleagues with the knowledge and skills required to become sustainability changemakers. One of our tools is the digital TUI Sustainability Academy learning platform. It offers insights into a wide range of sustainability topics, from energy and fuels to social impacts and the circular economy. The launch of TUI's Sustainability Agenda includes training sessions designed to familiarise our employees with the core content of the strategy so that they can apply it more easily to their respective areas of work.

  Further information and details on the TUI Group Sustainability strategy and implementation can be found on pages 82-91 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en.

  Further information and details on the Task Force on Climate-related Financial Disclosures ("TCFD") can be found on pages 134-153 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en.

Section 172 statement (continued)

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

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

  As a regulated travel business, the Company's general counsel works closely with travel lawyers to ensure the Board is aware of the relevant licencing requirements and good business practice. The Board is committed to ensuring good business practice throughout the business and drives this both through the risk management process described above, by carrying out regular functional reviews and by commissioning external experts to review compliance with new rules and regulations. It also ensures that its processes consider key stakeholders and that there is sufficient time, information and understanding to properly assess their interests when making decisions and considering their long-term implications.

  The key travel regulators in respect of the travel industry are:

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

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

  Further information on integrity and compliance can be found on pages 154-156 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en.

- **Shareholders.** The Company is a fully owned subsidiary and forms part of TUI Group. Information and details on transparency can be found within the Corporate Governance Report of TUI Group on pages 119-156 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en. Further detail on how the Board engages with shareholders can be found within the Corporate Governance report in the Company's' Annual Report and financial statements.

Corporate Governance Report
The Company, as part of the TUI AG group of companies (the "Group") operates under the Group Corporate Governance Code mandated by the Supervisory Board and the Executive Board of the ultimate parent company, TUI AG (together referred to as "The Board").

The Group Corporate Governance Code complies with the German Corporate Governance Code ("DCGK"), as TUI AG is a stock corporation under German law, but as TUI AG is an overseas company with a premium listing on the London Stock Exchange it also complies with the provisions of the UK Corporate Governance Code ("UK CGC") to the extent practicable.

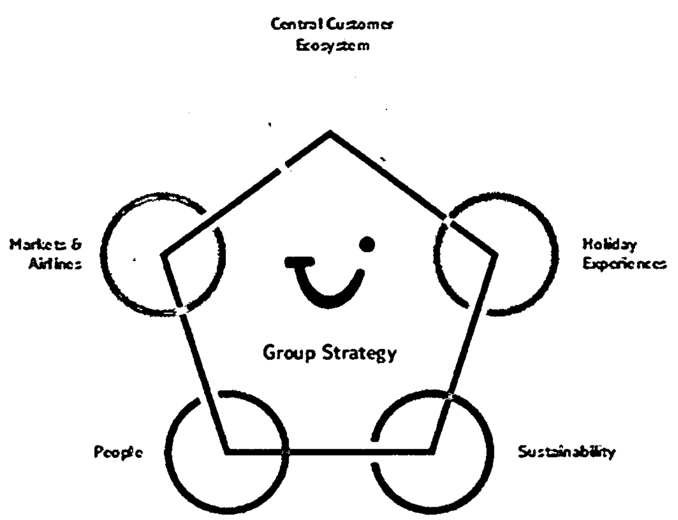
The Group's Corporate Governance Report can be found in the TUI AG Annual Report 2023 pages 119-156. Copies of the TUI AG Annual Report is available from its registered address via Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tuigroup.com/en-en.

- **Purpose and leadership.** The TUI AG Executive Board and Supervisory Board are responsible for the long-term strategy, direction and performance of the TUI Group and its subsidiary companies. They are also collectively accountable to the shareholders for its proper management. When the Executive Board takes decisions on major transactions, such as the annual budget, major acquisitions or divestments, it is required by its terms of reference to seek the approval of the Supervisory Board.

  To achieve long-term success, the TUI AG Executive Board works very closely with the divisional leadership teams to determine the long-term plans and strategic objectives of the Group.

  The TUI Group provides holidays to a large customer base in more than a dozen source markets. We differentiate ourselves from the competition by the nature of our products and services we provide. By covering the whole customer journey, TUI has multiple digital and physical touchpoints with its customers and therefore delivers a strong blend of digital and human interaction. This enables TUI to follow a customer centric approach, aiming to create long-term relationships with its customers.

  TUI's strategy focuses on delivering growth in both Holiday Experiences and Markets & Airlines, embedded in one central customer ecosystem, underpinned by our Sustainability Agenda and by our people. The framework for implementation can be visualized by using our "strategy diamond", which has five key elements – Holiday Experiences, Markets & Airlines, Central Customer Ecosystem, Sustainability and People.



Corporate Governance Report (continued)

- **Purpose and leadership (continued).**
  - **Holiday Experiences** strategy focusses on asset-right, profitable growth in differentiated content and expanding the customer base with multi-channel distribution.
  - **Markets & Airlines** strategy focusses on strengthening and leveraging our capabilities (including brand and distribution, differentiated and exclusive product, quality and service) and market positions, with growth delivered from new products and new customers based on scaleable common platforms.
  - **Central Customer Ecosystem** strategy focuses on maximizing customer value, leveraging the synergies across the business divisions and lowering our cost of distribution.
  - The vision of our **People** strategy is to be digital, engaging and inclusive. We are thus seeking to create a framework that empowers our employees to deliver the best performance and succeed as a team.
  - We want to set the standard for **Sustainability** in the market. We believe sustainable transformation should not be viewed solely as a cost factor, but that sustainability pays off – for society, for the environment, and for economic development. Our strategy is therefore underpinned by clear science-based goals and targets on sustainability. TUI's Sustainability Agenda consists of three building blocks – People, Planet and Progress.
    - We will ensure that local people and communities benefit from tourism and the local supply chain.
    - In 2023, TUI's emission reduction targets were recognised by the Science Based Targets initiative (SBTi). TUI commits to implementing these targets in line with the latest climate science findings.
    - We will enable our customers to make sustainable holiday choices in every stage of the customer journey.

Further details can be found in the TUI AG Annual Report 2023 pages 82-103.

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the companies within the Group have comprehensive general and company-specific reporting and monitoring systems available to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions. The Executive Board regularly informs the Supervisory Board about existing risks and changes to these risks. More detailed information on TUI's Risk management governance structure is included within the Risk report on pages 36-37 in the TUI AG Annual Report 2023.

The Directors assess and monitor the Company's culture through regular interaction with management and other colleagues to ensure that its policies, practices, and behaviours are aligned with the Group's purpose, values and strategy.

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 Group is creating a work environment enabling our employees to remain fully and passionately committed to our Company. The implementation of state-of-the-art digital strategies offer our employees flexibility in their work and creates digital and individual freedom.

Open and continuous dialogue and transparent communication form the basis of our Investor Relations engagement with our private shareholders, institutional investors, equity and credit analysts and lenders. Many discussions were held, focusing on the Group strategy, business performance in the individual segments, the strong operative summer business post-COVID-19, the financing measures and the impact of inflation as well as the energy crisis, enabling stakeholders to make a realistic assessment of the future performance of the TUI share.

Corporate Governance Report (continued)

- **Board Composition and Director Responsibilities.** TUI AG is a "stock corporation" under German law (similar to a Public Limited Company by Shares ("PLC") in the UK), whose basic principle is two-tiered management by two boards, the Executive Board and the Supervisory Board. The Executive and Supervisory Boards co-operate closely in governing and monitoring the Company, guided by the principles of responsible and good corporate governance. The Executive Board is responsible for the overall management of the Company. Each subsidiary Company has a local Board of Directors, which works very closely with the Executive Board to determine its long-term plans and strategic objectives. The Directors appointed to each Company's Board have the necessary skills, experience, and calibre to effectively manage the Company to promote its success and maintain its standard of conduct.

  The Board is committed to promoting diversity and ensuring equality of opportunity for all with the Board's composition itself following diversity concepts including age, gender and educational / professional background.

  All Directors have access to the advice and services of a Company Secretariat and Legal team to ensure that Board procedures are followed, and applicable rules and regulations are complied with. The ultimate parent company, TUI AG has also 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.

  The Directors are encouraged to use their independent judgement and to constructively challenge matters, whether they be strategic, operational, or financial.

  The Group's Audit committee supports the Supervisory Board in the performance of its supervisory function. This includes monitoring the effectiveness and proper functioning of: the accounting processes; the internal control system; the risk management system; the internal audit system; the audit of the financial statements; and compliance. The Audit committee has the relevant financial experience and independence to fulfil these functions and meets regularly (eight ordinary meetings in the financial year ended 2023).

- **Opportunity and Risk.** In TUI AG, the Executive Board is in charge of managing the Company and the Supervisory Board is in charge of monitoring the Company. They cooperate closely and in the spirit of trust in managing and overseeing the Company, with strict separation between the two bodies in terms of their membership and competences. Both bodies are obliged to ensure the continued existence of the Company and sustainable creation of added value, in harmony with the principles of the social market economy. Therefore, the Executive Board regularly informs the Supervisory Board about existing risks and changes to these risks. Detailed information on the risks faced by the Company can be found in the "Principal risks and uncertainties" section of the Strategic Report.

  To ensure compliance with laws and regulations and promote effective and efficient operations by being able to react to the ever-changing risks and opportunities that each Company face, the Executive Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

  The Audit Committee supports the Supervisory Board in performing its monitoring function, as discussed above, and monitoring the effectiveness of the internal control and risk management system as a stable and effective internal control system is indispensable to ensure economic success in the long term.

Corporate Governance Report (continued)

- **Remuneration.** The remuneration of the individual members of the Executive Board is determined by the Supervisory Board in accordance with section 87 (1) sentence 1 of the German Stock Corporation Act. The performance of each individual Executive Board member is evaluated regularly by the Supervisory Board and the defined performance indicators aim to take into account the interests of all stakeholders.

  Full disclosure of the remuneration system of the Executive Board and Supervisory Board, its purpose and link to company strategy can be found on pages 157-180, details on performance indicators can be found on pages 31-34 in the TUI AG Annual Report 2023.

  As a fully owned subsidiary of the TUI Group, the Company's Directors' remuneration is determined based on both relative external pay and the wider workforce remuneration and conditions.

- **Stakeholder Relationships and Engagement.** The Group believes in the power of change. We are constantly transforming ourselves and our business to stay competitive in a fast-changing environment. To become more digital, more flexible, and more global, we need strong values.

  Open, continuous dialogue and transparent communication with our private shareholders, institutional investors, equity and credit analysts and lenders form the basis for our Investor Relations engagement. This communication can take a variety of forms (both face to face and virtual), including roadshows; conferences; direct contact with private investors, and the provision of a wide range of information on the TUI AG website.

  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 regular meetings, led by the Company's Directors and members of the leadership team.

  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 ensure regular dialogue about performance, career objectives and professional development, thereby enabling the Group to foster and promote talent.

  More detailed information on Our people, Customers, Suppliers, Community and environment and Business conduct can be found in our Section 172 statement within the Strategic Report.

Non-Financial and Sustainability Information Statement

Climate change is one of the greatest challenges of our time. The TUI Group recognises the risk posed to its business by climate change from both physical changes in the climate and the transition to a low-carbon economy. TUI is committed to contributing to this transition and mitigating climate-related risks for its business.

The TUI Group is required, pursuant to the FCA's Listing Rule LR 9.8.6R, to make disclosures in relation to the Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD provides a framework to improve the disclosure of consistent, comparable, reliable, and clear climate-related financial information so that investors can make better capital allocation decisions in support of the transition to a low-carbon economy. The full TCFD disclosure published by TUI Group can be found on pages 134 - 153 of the TUI AG Annual Report 2023 which can be found on the TUI AG website www.tuigroup.com/en-en.

The Department for Business, Energy & Industrial Strategy (BEIS) has made mandatory certain climate-related disclosure requirements (which are broadly aligned but not identical to the recommendations of TCFD) in relation to UK registered private companies that have over 500 employees and a turnover greater than £500m. As this Company meets only one of these criteria, it falls outside the scope of these requirements and therefore is not required to make a non-financial and sustainability information statement.

Streamlined Energy and Carbon Reporting
Across the TUI Group, dedicated and experienced sustainability professionals work in close collaboration with senior management at Group and at divisional level to help ensure that TUI's business and sustainability strategies are aligned. As part of TUI's sustainability management approach, the corporate headquarters has been successfully audited against the ISO 14001:2015 environmental standard.

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

The Group has implemented specific carbon reduction initiatives across the business – from airline and cruise efficiency programmes, hotel certifications, to retail energy savings and the reduction of printed brochures.

TUI Group launched its new Sustainability Agenda in February 2023. This includes validated 2030 science based GHG emissions reductions targets for airlines, cruise and hotels, covering over 99% of the Group's Scope 1 & Scope 2 CO2e emissions. Further information can be found on pages 81- 103 of the TUI AG Annual Report 2023 in the 'Non-financial Declaration of TUI Group' section and also on the Sustainability section of the Group's website.

As part of TUI Group, TUI UK Retail Limited is included in the group-wide sustainability strategy – committing to make our sector more sustainable, creating positive change at scale whilst reducing the environmental impact of our business. Energy reduction is a clear focus area for our retail estate.

Forming part of TUI's energy procurement strategy, all sites in the UK (including retail shops, offices and other locations) are supplied with certified 100% renewable electricity. Every megawatt hour of electricity used is matched with a UK-recognised origin certificate. The electricity tariffs are compliant with the Greenhouse Gas Protocol so that zero carbon emissions for purchased electricity may be reported when using the market-based method. This accounts for over 99% of the Company's energy consumption.

Building Management Systems (BMS) are in place at 35 retail properties, which control the operation of the lighting and AC systems. Energy consumption is regularly monitored and any increase in consumption is investigated. New and refurbished stores are fitted out with LED lighting, or lighting is upgraded to LED in existing stores when fittings fail or reach the end of their life. All our signage was upgraded to LED in 2018.

Greenhouse gas emissions:

	Financial year ended 30 September 2023	Financial year ended 30 September 2022
Energy consumption used to calculate emissions [kWh]	**7,907,354**	6,992,111
Emissions from combustion of gas CO2e [t]	**10**	1
Emissions from combustion of fuel for transport purposes CO2e [t]	**n/a**	n/a
Emissions from business travel CO2e [t]	**47**	21
Emissions from purchased electricity CO2e [t]	**1,497**	1,453
Total CO2e [t]	**1,554**	1,475
Emissions per square foot of retail estate CO2e [t]	**0.002170**	0.002238

Streamlined Energy and Carbon Reporting (continued)

Methodology

Energy and emissions data collection and reporting is in line with that of TUI Group, which follows the Greenhouse Gas Protocol.

The majority of the UK retail estate now have Automatic Meter Readers (AMRs) installed. Where AMRs are not installed, regular meter readings are provided to the energy provider to ensure the accuracy of energy data. Energy data from business travel is provided by internal expenses reports.

The latest published conversion factors provided by the UK Government (DEFRA) and the International Energy Agency (IEA) are used to calculate CO2e emissions. Emissions from electricity consumption have been reported using the location-based method.

Approved by the Board and signed on its behalf by

DocuSigned by:
Henrik Andersson
5A518D1D6E114AF...
HLP Andersson
Director

Company Number 1456086 Date: 28 March 2024

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	
ND Swanson	(Resigned on 11 October 2022, reappointed 1 July 2023)
A Flintham	
BR Vazquez	(Appointed on 11 October 2022)

Other Directors who served during the financial year were:

KR McAlister	(Resigned on 1 July 2023)

Independent auditor

Deloitte LLP was appointed as auditor of the TUI Group, including of the Company. In line with Section 487 of the Companies Act 2006, the auditor is 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 27.

Employee engagement and business relationships

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

Streamlined Energy and Carbon Reporting

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

Statement of corporate governance arrangements

Details on the corporate governance code applied by the Company in the financial year can be found in the Corporate Governance Report within the Strategic Report.

Approved by the Board and signed on its behalf by

DocuSigned by:

Henrik Andersson

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HLP Andersson
Director
Company Number 1456086 Date: 28 March 2024

The Directors are responsible for preparing the Directors' 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 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;
- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and
- the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of TUI UK Retail Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of TUI UK Retail Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related Notes 1 to 28.

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

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

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

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address this are described below:

- Manual journals posted in relation to commission revenue: In addressing the risk we have updated our understanding of the nature of the revenue and the associated processes and key controls. We have performed a reconciliation of commission revenue based on the underlying reservation system and commission rates.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

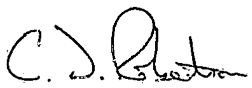
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Christopher Robertson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 March 2024

TUI UK Retail Limited
Statement of Comprehensive Income for the financial year ended 30 September 2023

	Note	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Revenue	7	**150**	123
Cost of sales		**(144)**	(117)
Gross profit		**6**	6
Distribution costs		**(1)**	-
Administrative and selling expenses		**(13)**	(13)
Other expense	11	**-**	(1)
Operating loss		**(8)**	(8)
Finance income	9	**7**	-
Finance expense	10	**(8)**	(3)
Loss before taxation	11	**(9)**	(11)
Tax credit	12	**1**	8
Loss for the financial year attributable to owners of the Company		**(8)**	(3)
Other Comprehensive Income			
Items that will not subsequently be reclassified to profit or loss:			
Remeasurements of retirement benefit liabilities	22	**(52)**	(17)
Deferred tax on remeasurements of retirement benefit liabilities	12	**13**	4
Other Comprehensive Loss for the financial year, net of tax, attributable to owners of the Company		**(39)**	(13)
Total Comprehensive Loss for the financial year, net of tax, attributable to owners of the Company		**(47)**	(16)

TUI UK Retail Limited
Statement of Financial Position as at 30 September 2023

	Note	As at 30 September 2023 £m	As at 30 September 2022 £m
Non-current assets			
Intangible assets	13	**1**	1
Property, plant and equipment	14	**10**	7
Right-of-use assets	15	**22**	22
Investments in subsidiaries	17	**-**	-
Trade and other receivables	18	**26**	99
Deferred tax assets	16	**24**	17
		83	146
Current assets			
Lease receivable assets	20	**-**	1
Trade and other receivables	18	**119**	104
Cash and cash equivalents		**38**	36
		157	141
Total assets		**240**	287
Current liabilities			
Trade and other payables	19	**(264)**	(284)
Lease liabilities	20	**(11)**	(14)
Provisions for liabilities	21	**(7)**	(8)
		(282)	(306)
Net current liabilities		**(125)**	(165)
Total assets less current liabilities		**(42)**	(19)
Non-current liabilities			
Lease liabilities	20	**(18)**	(22)
Provisions for liabilities	21	**(3)**	(3)
Retirement benefit liabilities	22	**(40)**	(12)
		(61)	(37)
Total liabilities		**(343)**	(343)
Net liabilities		**(103)**	(56)
Equity			
Called up share capital	23	**381**	381
Retained losses	24	**(484)**	(437)
Total equity attributable to owners of the Company		**(103)**	(56)

The Notes on pages 35 to 64 form part of these financial statements.

The financial statements on pages 32 to 64 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

DocuSigned by:
Henrik Andersson
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HLP Andersson
Director

Company Number 1456086 Date: 28 March 2024

TUI UK Retail Limited
Statement of Changes in Equity for the financial year ended 30 September 2023

	Called up share capital £m	Retained losses £m	Total £m
At 1 October 2021	381	(421)	(40)
Loss for the financial year	-	(3)	(3)
Other comprehensive loss	-	(13)	(13)
Total Comprehensive Loss for the financial year	-	(16)	(16)
At 30 September 2022	381	(437)	(56)
Loss for the financial year	-	(8)	(8)
Other comprehensive loss	-	(39)	(39)
Total Comprehensive Loss for the financial year	-	(47)	(47)
At 30 September 2023	**381**	**(484)**	**(103)**

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 and Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 1456086.

The principal activity of the Company continues to be that of a travel agency within the TUI AG group of companies (the "Group") and the Company expects this to continue for the foreseeable future.

2. Basis of preparation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirements to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. See Note 28 for details on where the Company is included in consolidated financial statements.

The financial statements have been prepared under the historical cost convention, as modified for revaluation to fair value of derivative financial instruments and plan assets from externally funded defined benefit pension schemes recognised at fair value through the Statement of Comprehensive Income, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS. Further details can be found in Note 5.

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 25.

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.

Liquidity development

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 to 2022, which included:

- three capital increases;
- the use of the banking and capital markets;
- cash inflows from the sale of assets;
- financing measures from the Federal Republic of Germany in the form of a KfW (Kreditanstalt für Wiederaufbau) credit line initially totalling €2.9bn;
- an option bond from the German Economic Stabilisation Fund (WSF) totalling €150m; and
- two silent participations from the WSF initially totalling €1.1bn.

In financial year 2022, the Group reduced KfW's credit line to €2.1 bn in various steps. In addition, 913 of the 1,500 bonds with warrants issued to WSF were redeemed and the Silent Participation II of the WSF of €671m was repaid in full, ahead of schedule.

2. Basis of preparation (continued)

Going concern (continued)

Liquidity development (continued)

On 13 December 2022, the Group concluded a new agreement with the WSF on the repayment of stabilization measures ("Repayment Agreement"). This agreement regulates the intended complete termination of the stabilization measures granted by the WSF by means of a right of the Company to:

- repay the contribution made by the WSF as a silent partner in January 2021 in the nominal amount of €420m ("Silent Participation I"); and
- repurchase the warrant-linked bond 2020 / 2026 ("Warrant Bond") issued by the Company to WSF in the remaining amount of €59m as well as the 58,674,899 option rights ("Warrants") originally attached to the warrant bond.

In addition, the Repayment Agreement regulates the implementation of capital measures for the purpose of refinancing the aforementioned measures.

In February 2023, TUI AG implemented the ten-for-one reverse stock split previously resolved by the 2023 AGM in accordance with the provisions of the Economic Stabilisation Acceleration Act. As a result, the Company's share capital declined from €1.8bn to around €179m. The corresponding reduction amount of around €1.6bn was transferred to the TUI AG's capital reserves.

In accordance with the repayment agreement with the WSF, the Executive Board of TUI AG resolved a capital increase with subscription rights of €1.8bn with the approval of the Supervisory Board on 24 March 2023. For the fully subscribed capital increase, 328,910,448 new shares were offered at a subscription ratio of 8:3 and a subscription price of €5.55. The subscription period for the new shares ended on 17 April 2023. Following receipt of the proceeds from the capital increase on 24 April 2023, Silent Participation I and the 56.8 m warrants held by the WSF as well as the outstanding 587 of the 2020 / 2026 bonds with warrants were fully redeemed on 27 April 2023. For Silent Participation I and the 2023 coupon payable on it, a redemption price of €652 m was paid. €31m was used for the repurchase of the warrants and a further €62m for the early redemption of the 587 bonds with a nominal value of €59 m, including accrued interest of €3m.

At the same time, the early repayment penalty for Silent Participation II of €6m, agreed with the WSF in April 2022, became due. The Group has thus terminated and repaid all stabilisation measures of the WSF.

The Group also reduced the volume of the KfW credit facility from €2.1 bn to €1.1 bn following completion of the capital increase.

The capital increase completed in April 2023 and the subsequent substantial reduction in government financing will enable a significant improvement in the TUI Group's credit ratios and reduce current interest costs, allowing TUI to focus on growth and further market recovery.

In May 2023, the Group extended the maturity of the existing credit lines of €2.7bn by a further two years. The syndicated credit line with the 19 banks (€1.6bn), including the credit line with KfW (€1.1bn), together referred to as the RCF (revolving credit facilities), will now mature in July 2026. The RCF of TUI AG is subject to compliance with certain financial targets (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. As at 30 September 2023, TUI Group's RCF totalled €2.7bn and it comprised the following:

- €1.6 bn credit line from 19 private banks (incl.€190m guarantee line); and
- €1.1 bn KfW credit line.

This funding is available for use by selected companies within the TUI AG Group.

Please refer to the Strategic Report on pages 3-25 for further details on liquidity development.

2. Basis of preparation (continued)

Going concern (continued)

Assessment of going concern
The TUI AG Group has made a well-founded assessment of the main risks to the Group, taking into account future events that would jeopardise the business model, future results, solvency and liquidity for at least 12 months from the date of approval of these financial statements.

In March 2024 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.

The Directors, having assessed the responses of the Directors of the Company's parent, TUI UK Limited, 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 Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Functional and presentational currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of sterling, rounded to the nearest million 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 2022.

Standard	Amendment	Impact on Financial Statements
Amendments to IAS 37 Onerous Contracts	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No material impacts
Amendments to IAS 16 Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in the Statement of Comprehensive Income.	No impact

3. Amendments to IFRSs (continued)

Standard	Amendment	Impact on Financial Statements
Amendments to IFRS 3 Reference to the *Conceptual Framework*	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impact
Various amendments to IFRS (2018 – 2020)	The amendments resulting from the Annual Improvements 2018 – 2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No material impacts
Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules	The amendments to IAS 12 (endorsement during the preparation period) introduce a temporary recognition exception for the accounting of deferred taxes as part of the implementation of the global minimum taxation (so-called 'Pillar Two' regulations of the OECD). This is intended to help ensure the consistency of the financial statements and facilitate the implementation of the regulations. This recognition exception is applicable with immediate effect according to the IASB requirements.	No material impacts

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 holiday retailer and as a provider of contact centre services for TUI UK Limited. All revenue originates within the United Kingdom and represents the aggregate value of revenue receivable (excluding VAT) in the form of commission earned from the sale of in-house and third-party holidays, commission earned on the sale of currency, commission earned on the sale of 3rd party ancillaries and commission on the sale of travel insurance.

(i) Revenue recognition

Revenue is recognised when the performance obligations are met. Commission earned in respect of holiday products provided by Tour Operators within the TUI Group is recognised on the date of departure. Commission earned in respect of 3rd party travel products is recognised when the final balance is due. Commission earned in respect of foreign currency sales and insurance are recognised at the time of the transaction. Revenue arising from the provision of contact centre services is recognised when the performance obligations are met. This recognition basis is in line with IFRS 15.

(ii) Valuation of revenue

Revenue is valued at the amounts contractually entitled under agreements for the provision of commission-based services provided by the Company.

(iii) Client monies received in advance

Client monies at the Statement of Financial Position date relating to holidays commencing and flights departing after the year-end are included in Trade and other payables.

Other expense

Other expenses related to the repayment of grants received from the UK Government in relation to the COVID-19 related Employee Retention Scheme and Commercial Rent Relief.

4. Summary of significant accounting policies (continued)

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 lease liabilities, are included in "Finance income" and "Finance expense" in the Statement of 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.

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

As a lessee, the Company leases property such as an office building, travel agencies and vehicles. As a lessor, the Company subleases a travel agency. In the prior year, the Company also subleased an office building.

The Company as lessee
The Company carries 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.

Apart from traditional lease, tenancy or leasing contracts, service or capacity agreements may also fall within the scope of IFRS 16. For agreements that contain one or several lease components alongside non-lease components, the Company uses the option not to separate these non-lease components, in particular for vehicle or IT leases.

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. Variable lease payments not linked to an index nor to an interest rate are recognised through the Statement of Comprehensive Income in the period in which the event or condition that triggers the payment occurs.

Where lease payments have been deferred without an agreement or existing contractual right, any unpaid lease liability is not derecognised, as the lease liability has neither been paid nor extinguished with legal effect. The unpaid lease payments remain a 'lease liability' until the liability has either been paid or extinguished.

4. Summary of significant accounting policies (continued)

Leases (continued)

The Company as lessee (continued)
Under IFRS 16, 'rent concessions' will usually meet the definition of a lease modification which will require the lease to be remeasured, unless they were envisaged in the original lease agreement.

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 of 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.

If a property contract approaches its end date and neither the lessee nor the lessor has triggered notice, then the lease is deemed to be held over. It is therefore assumed that the lessee can remain in the property for a defined minimum lease term based upon the law in the relevant jurisdiction. After 1 October 2019, leases holding over in England, Wales, Northern Ireland and Ireland will result in a ROU asset and lease liability, calculated on the basis of a six-month lease term, beginning 6 months before the lease goes into holdover. This ROU asset and lease liability is remeasured to the six-month calculation each month end.

Whereas leases holding over in Scotland will result in a ROU asset and lease liability for the remaining period (12 months + 40 days), beginning if no notice has been served 40 days before the lease expiry. This ROU asset and lease liability is wound down over the following 12 months until the lease is remeasured again 40 days before the anniversary of the lease expiry date.

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.

If a right-of-use asset is subsequently subleased, an assessment has to be made to determine whether the sublease is a finance lease or an operating lease. This assessment is based on the right-of-use asset rather than the asset arising from the head lease. If the assessment determines that the sublease is a finance lease, then the Company recognises a lease receivable at an amount equal to the net investment in the lease and derecognises the underlying leased asset or the right-of-use asset from the head lease. See "The Company as a lessor" section below for further details.

The Company 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 lessor
As a lessor, the Company classifies each lease as an operating lease or a finance lease. If the Company as a lessor has substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as an operating lease. If the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease.

For subleases, the lease classification is made by reference to the right-of-use assets arising from the head lease in accordance with IFRS 16.

The lease payments from operating leases are recognised in revenue on a straight-line basis over the lease term. Any initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying leased item and depreciated over the lease term on a straight-line basis.

For finance leases, the Company recognises a lease receivable at an amount equal to the net investment in the lease and derecognises the underlying leased asset or the right-of-use asset from the head lease. The lease payments made by the lessees are broken down into an interest portion and a redemption portion using the effective interest rate method so as to produce a constant periodic rate of interest on the remaining balance of the net investment. The redemption portions received are deducted from the lease receivable. The interest portion of the payments received is included in Finance Income.

Operating loss
Operating loss is stated before investment income and finance activities.

Finance income
Finance income recognised in the Statement of Comprehensive Income mainly comprise net interest income on retirement benefits, and interest income on intercompany receivables.

Finance expense
Finance expense recognised in the Statement of Comprehensive Income mainly comprise expenses relating to lease interest and interest charged on intercompany payables.

Current and deferred tax
The tax credit 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)

Current and deferred tax (continued)
Based on the OECD initiative, numerous jurisdictions are in the process of introducing a global minimum tax. The aim of this minimum taxation is to ensure that multinational groups with a turnover of over €750m are subject to a minimum taxation of 15%. As a potentially affected company, the Group is closely following the worldwide development towards the introduction of global minimum taxation and is analysing the potential impact on TUI. As the draft regulations published to date are highly complex, the Group has not yet been able to make a reliable estimate of the future impact. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Assets under construction
Assets under construction represent the cost of purchasing, constructing, and installing property, plant and equipment ahead of their productive use. No depreciation is expensed on these assets until construction is completed and the assets are transferred to the appropriate category.

Computer software and software in development
Computer software consists of all software that is not an integral part of the related hardware and is stated at cost less accumulated amortisation and impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique software platforms controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria, together with costs associated with maintaining computer software programmes, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is expensed to the Statement of Comprehensive Income; to Cost of sales where the assets are revenue generating and to Administrative expenses in all other cases (e.g. software used in back office functions).

Charges are made on a straight-line basis over the estimated useful economic life as follows:

Computer software	3 to 10 years

Software in development is not amortised. Upon completion of development and bringing the software into use, the costs are re-categorised into Computer software and amortisation commences.

4. Summary of significant accounting policies (continued)

Property, plant, 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:

Leasehold improvements	Shorter of period of lease or useful life
Equipment, fixtures and fittings	3 to 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. It is included within Cost of sales where it is deemed a direct operating expense and in Administrative expenses in all other cases. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

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

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

4. Summary of significant accounting policies (continued)

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

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

All other financial assets not recognised at amortised cost or at fair value through Other Comprehensive Income (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.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled, or expire.

Investments in subsidiaries
Investments are recognised at cost less accumulated impairment losses.

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.

(i) Restructuring
A provision is made for amounts estimated to be payable to employees for redundancies due to restructuring. The provision is expensed to Administrative expenses in the Statement of Comprehensive Income, and expenditure incurred is applied to utilise the provision.

(ii) Dilapidations
A dilapidation provision is held in respect of properties in accordance with IAS 37, as these are not "Day one obligations" as specified by IFRS 16.

4. Summary of significant accounting policies (continued)

Retirement benefit liabilities
The Company operates both defined contribution and defined benefit pension schemes.

Defined contribution 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 retirement benefit expense disclosed in Note 22 includes contributions payable by the Company to these funds.

Defined benefit schemes
The Company participates in a Group-operated defined benefit pension scheme, the TUI Pension Scheme (UK) ("UK Scheme") for the benefit of eligible employees. The scheme closed to future accrual on 31 October 2018.

The assets of the scheme are held separately from those of the Company in independently administered funds and are measured at fair value in accordance with IAS 19 'Employee benefits'.

The Company's defined benefit obligation in respect of the UK Scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted in calculating the overall net retirement benefit liability. The liability discount rate is the yield at the Statement of Financial Position date on AA credit-rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Where the calculation results in a benefit to the Company, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan which are under the control of the Company.

When the benefits of a plan are amended, the increase/decrease in benefit relating to past services by employees is recognised as an expense/income in the Statement of Comprehensive Income immediately. Remeasurements of the net defined retirement benefit liability, including actuarial gains and losses, are recognised immediately in Other Comprehensive Income.

The interest expense on the net retirement benefit obligation is calculated by applying the applicable discount rate to the net retirement benefit obligations at the beginning of the financial year, taking account of any changes in the net retirement benefit obligation during the financial year as a result of contributions and benefit payments.

Share capital
Ordinary shares are classified as equity.

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 28. 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 2 '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.
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.
IFRS 16 Leases	Paragraphs 90, 91 and 93	All disclosure requirements.
	89	The requirements of the second sentence.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1; and Paragraph 118(e) of IAS 38 'Intangible assets'.
	10(d) and 111	A statement of cash flows and related information.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
	40(a)	A third statement of financial position to be presented in certain circumstances, including retrospective restatement on change in accounting policy such as adoption of new standards.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 16 Property, Plant and Equipment	74A(b)	New requirement to disclose information about the sale of items that are not an output of the entity's ordinary activities, but which are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management
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.

6. Critical accounting judgments, key sources of estimation uncertainty 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 restructuring, dilapidation, and other provisions. Details of provisions made and the basis by which provisions have been calculated are disclosed in Note 21.

Key sources of estimation uncertainty

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) Retirement benefit obligations

The costs of providing pensions are expensed to the Statement of Comprehensive Income in accordance with IAS 19 'Employee benefits' over the period during which benefit is derived from the employee's services. The costs are assessed on the basis of key financial and demographic assumptions selected by management. The key financial assumptions are i) future retirement benefit increases, ii) the discount rate for discounting the liabilities of the scheme; and iii) the inflation rate. The key demographic assumption used is the mortality rate, which is based on actuarial data. The discount rate is derived from AA rated corporate bond yields, whilst the inflation rate is derived from market yields on fixed and index linked gilts. The selection of different rates for each of the assumptions could materially affect the future results of the Company and the net retirement benefit liability at the Statement of Financial Position date. A sensitivity analysis is provided in Note 22.

7. Revenue

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Travel agency commission	**104**	80
Other commission	**27**	27
Management service fee income	**19**	16
	150	123

All revenue originates within the United Kingdom.

8. Employees and Directors

Employee costs for the Company during the financial year were:

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Wages and salaries	**87**	75
Social security costs	**6**	5
Other retirement benefit expenses (Note 22)	**2**	2
	95	82

In addition, the Company recognised pension scheme administrative expenses within the Statement of Comprehensive Income of £nil (2022: £nil). Further information can be found in Note 22.

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

	Financial year ended 30 September 2023 Number	Financial year ended 30 September 2022 Number	**Financial year ended 30 September 2023 Full-time equivalent**	Financial year ended 30 September 2022 Full-time equivalent
Selling and distribution	**3,927**	3,658	**3,255**	3,001
Administration	**122**	111	**170**	154
Total	**4,049**	3,769	**3,425**	3,155

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 costs are the contributions payable in the financial year, being £2m (2022: £2m). Differences between contributions payable in the financial year and contributions actually paid are shown as Trade and other payables in the Statement of Financial Position. Total amounts outstanding in respect of defined contribution pension schemes amount to £nil (2022: £nil).

Directors' remuneration

The details of Directors' remuneration are as follows:

	Financial year ended 30 September 2023 £'000	Financial year ended 30 September 2022 £'000
Directors' remuneration	**231**	364
Retirement benefit contributions	**31**	30
	262	394

None (2022: none) of the Directors received remuneration from the Company.

Four (2022: four) Directors of the Company were employed and remunerated during the period by other companies within the Group, which make no recharge to the Company. As the qualifying services provided to the Company by these Directors were incidental compared to their main roles, an appropriate apportionment of their remuneration was allocated and included above.

8. Employees and Directors (continued)

Directors' remuneration (continued)

During the financial year:

- No Phantom awards (share appreciation rights which are performance related awards measured over a three-year period) in the TUI AG long-term incentive scheme, granted in previous years vested to Directors (2022: none).
- Phantom awards in TUI AG granted in previous years remained outstanding at the end of the year to one (2022: two) Directors.
- One (2022: two) of the Directors were awarded phantom awards that remained outstanding at the end of the year.

These share awards will be paid by other Group companies.

The remuneration relating to the highest paid Director is:

	Financial year ended 30 September 2023 £'000	Financial year ended 30 September 2022 £'000
Remuneration	**201**	302
Retirement benefit contributions	**26**	23
	227	325

In respect of the highest paid Director, previous share awards in Group companies vested during the financial year. Share-based awards were granted under long-term incentive schemes and were outstanding at the end of the year. These awards are expensed in the Company of employment, not this Directorship. This Director is not a member of a defined benefit pension scheme.

9. Finance income

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Interest receivable from Group companies	**6**	-
Net retirement benefit interest income (Note 22)	**1**	-
	7	-

10. Finance expense

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Lease interest (Note 15)	**2**	2
Interest payable to Group companies	**6**	1
	8	3

11. Loss before taxation

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Loss before taxation is stated after expensing/(crediting):		
Amortisation of intangible assets (Note 13)	-	1
Depreciation on property, plant and equipment (Note 14)	3	2
Depreciation on right-of-use assets (Note 15)	9	9
Impairment on right-of-use assets (Note 15)	1	1
Reversal of impairment of financial assets - Expected credit losses (Notes 18 & 20)	-	(2)
Foreign exchange loss	-	1
Loss from derivatives accounted for at fair value through profit and loss	-	1
Government grants	-	1
Management charges	7	7

Other expense
In the prior year the Company repaid Government grants received in respect of the Government Job Retention scheme and COVID-19, which were included in Other expense.

Auditor's remuneration
In 2023 and 2022, the auditor's remuneration was borne and paid by TUI UK Limited, and not recharged out separately, thus £nil in both years.

12. Tax credit

The tax credit can be summarised as follows:

(i) Analysis of tax credit in the year

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Current tax:		
Amounts receivable from fellow subsidiaries for group relief	(7)	-
Adjustment in respect of prior years	-	(18)
Total current tax	(7)	(18)
Deferred tax:		
Origination and reversal of temporary differences:		
- Current year	5	8
- Effect of changes in tax rates	1	2
Total deferred tax (Note 16)	6	10
Total tax credit in the Statement of Comprehensive Income	(1)	(8)

12. Tax credit (continued)

Tax on recognised gains and losses within Other Comprehensive Income:

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Tax recognised in Other Comprehensive Income		
Deferred tax credit on remeasurements of retirement benefit liabilities (Note 16)	**(13)**	(4)
	(13)	(4)

(ii) Factors affecting the tax credit in the year

The tax credit (2022: credit) for the year ended 30 September 2023 is different to (2022: higher than) the standard rate of corporation tax in the UK of 22.0% (2022: 19.0%). The standard rate of corporation tax increased to 25% from the 1 April 2023 resulting in a blended rate of 22% for the current year. The differences are shown in the table below:

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Loss before taxation	**(9)**	(11)
Loss multiplied by the effective standard rate of UK corporation tax of 22% (2022: 19.0%)	**(2)**	(2)
Effects of:		
- Adjustments in respect of prior years	**-**	(18)
- Tax rate changes	**1**	2
- Deferred tax asset not recognised	**-**	10
Total tax credit in the Statement of Comprehensive Income	**(1)**	(8)

(iii) Factors affecting the future tax expense

At the Statement of Financial Position date, Finance (No 2) Act 2023 had been substantively enacted confirming that the main UK corporation tax rate would remain at 25% having increased to this rate from 1 April 2023. Therefore, at 30 September 2023, deferred tax assets and liabilities have been calculated based on the rate that is expected to apply when the deferred tax is reversed. The rate of taxation is expected to follow the main UK corporation tax rate in future periods.

13. Intangible assets

	Internally generated computer software £m
Cost:	
At 1 October 2022	8
Disposals	(4)
At 30 September 2023	**4**
Accumulated amortisation and impairment:	
At 1 October 2022	7
Disposals	(4)
At 30 September 2023	**3**
Net book value:	
At 30 September 2023	**1**
At 30 September 2022	1

14. Property, plant and equipment

	Leasehold Improvements £m	Assets under Construction £m	Equipment, fixtures and fittings £m	Total £m
Cost:				
At 1 October 2022	12	2	11	25
Reclassifications	6	(8)	2	-
Additions	-	6	-	6
Disposals	(3)	-	(6)	(9)
At 30 September 2023	**15**	**-**	**7**	**22**
Accumulated depreciation and impairment:				
At 1 October 2022	8	-	10	18
Charge for the financial year	2	-	1	3
Disposals	(3)	-	(6)	(9)
At 30 September 2023	**7**	**-**	**5**	**12**
Net book value:				
At 30 September 2023	**8**	**-**	**2**	**10**
At 30 September 2022	4	2	1	7

15. Right-of-use assets

	Travel Agency leases £m
Cost:	
At 1 October 2022	73
Additions	9
Disposals	(10)
Modifications	1
At 30 September 2023	**73**
Accumulated depreciation and impairment:	
At 1 October 2022	51
Charge for the financial year	9
Disposals	(10)
Impairment	1
At 30 September 2023	**51**
Net book value:	
At 30 September 2023	**22**
At 30 September 2022	22

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'.

Impairment losses recognised in the financial year
During the current year impairments of £1m (2022: £1m) were recognised.

Expenses and income from leases with the Company as the lessee

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Depreciation of rights-of-use assets	**9**	9
Impairment of rights-of-use assets	**1**	1
Interest expenses on lease liabilities	**2**	2

16. Deferred tax assets

	As at 30 September 2023 £m	As at 30 September 2022 £m
Depreciation in excess of capital allowances	**13**	12
Retirement benefit liabilities	**11**	5
Total deferred tax asset	**24**	17

Depreciation in excess of capital allowances principally relates to temporary differences in respect of property, plant and equipment. Deferred tax on retirement benefit liabilities arises in respect of retirement benefit schemes accounted for under IAS 19 (revised) and the spreading of excess retirement benefit contributions.

16. Deferred tax assets (continued)

Movements in deferred taxation are analysed as follows:

Deferred tax assets	Depreciation in excess of capital allowances £m	Retirement benefit liabilities £m	Short-term temporary differences £m	Total £m
At 1 October 2021	11	12	-	23
Recognised in Statement of Comprehensive Income	1	(11)	-	(10)
Recognised in Other Comprehensive Income	-	4	-	4
At 30 September 2022	12	5	-	17
Recognised in Statement of Comprehensive Income	1	(7)	-	(6)
Recognised in Other Comprehensive Income	-	13	-	13
At 30 September 2023	**13**	**11**	**-**	**24**

In the next 12 months following the date of the financial statements, deferred tax assets of £1m are expected to reverse.

A deferred tax asset has not been recognised in respect of trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £29m (2022: £29m). The asset will be recovered if there are suitable profits in the future against which to offset the losses.

There are no other unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2023 or 30 September 2022.

17. Investments in subsidiaries

	Investments in subsidiary undertakings £m
Cost:	
At 1 October 2022 and at 30 September 2023	**48**
Impairment:	
At 1 October 2022 and at 30 September 2023	**(48)**
Net book value:	
At 1 October 2022 and at 30 September 2023	**-**

Investments in subsidiaries at 30 September 2023:

Name of undertaking	Country of incorporation	Place of business	Share class	% held by directly by the Company	Total % held by the Group
First Choice Holiday Hypermarkets Limited	United Kingdom	United Kingdom	£1.00 Ordinary shares	100	100
First Choice Travel Shops Limited	United Kingdom	United Kingdom	£1.00 Ordinary shares	100	100

The registered office of the subsidiaries listed above is Wigmore House, Wigmore Lane, Luton, LU2 9TN, United Kingdom.

18. Trade and other receivables

	As at 30 September 2023		As at 30 September 2022	
	Non-current	**Current**	Non-current	Current
	£m	**£m**	£m	£m
Trade receivables	**-**	**4**	-	4
Amounts due from other Group undertakings	**26**	**-**	99	-
Group relief	**-**	**45**	-	38
Other receivables	**-**	**38**	-	33
Prepayments	**-**	**29**	-	27
Accrued income	**-**	**2**	-	1
VAT	**-**	**1**	-	1
	26	**119**	99	104

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, interest-free and are repayable on demand. Total amounts due from Group undertakings amount to £71m (2022: £137m). Overall, a balance of £22m (2022: £100m) bears interest at a rate of the Sterling Overnight Index Average (SONIA), EURIBOR or SOFR (Secured overnight financing rate) depending on the underlying currency denomination.

Expected credit losses of £nil were charged (2022: £1m reversed) in the year.

Other receivables include monies held as security by financial providers.

FRS 101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

19. Trade and other payables

	As at 30 September 2023	As at 30 September 2022
	£m	£m
Trade payables	**11**	11
Amounts due to Parent undertaking	**97**	147
Amounts due to other Group undertakings	**27**	17
Accruals	**31**	25
Other payables	**-**	2
Deferred income	**1**	1
Client monies received in advance	**97**	81
	264	284

Amounts due to Group undertakings

Total amounts due to Group undertakings are unsecured, interest-free and are repayable on demand. Total amounts due to Group undertakings amount to £124m (2022: £164m) of which £53m is interest free (2022: £81m) whilst the remaining balance of £71m (2022: £83m). bears interest at a rate of the Sterling Overnight Index Average (SONIA) +1%, EURIBOR +1% or SOFR +1% (Secured overnight financing rate) depending on the underlying currency denomination.

FRS 101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

19. Trade and other payables (continued)

Client monies received in advance
The aggregate amount of client monies received in advance comprises:

	£m
At 30 September 2021	126
Revenue recognised - included in balance at beginning of period	(120)
Increase due to cash received - excluding amounts recognised as revenue during period	76
Customer refund repayments	(1)
At 30 September 2022	81
Revenue recognised - included in balance at beginning of period	**(81)**
Increase due to cash received - excluding amounts recognised as revenue during period	**109**
Customer refund repayments	**(12)**
At 30 September 2023	**97**

20. Leases

The Company as a lessee
As a lessee, the Company leases travel agencies, office space and vehicles. The rent in all of these cases is fixed over the lease term. The terms and conditions of the lease agreements are individually negotiated. Some of the property leases might contain extension options and price adjustment clauses. No residual value guarantees were provided for the leases.

Lease liabilities

Maturity analysis

	As at 30 September 2023 £m	As at 30 September 2022 £m
Not later than one year	**11**	14
Later than one year and not later than five years	**16**	19
Later than five years	**2**	3
	29	36

	As at 30 September 2023	As at 30 September 2022
Analysed as:	**£m**	£m
Non-current	**18**	22
Current	**11**	14
	29	36

The cash outflows for leases in the financial year totalled £16m (2022: £23m).

20. Leases (continued)

The Company as lessor
As a lessor, the Company subleases a retail high street store. In the prior year, the Company also subleased an office building.

In financial year 2023, the Company recognised £nil (2022: £nil) in respect of interest on lease assets.

The table below comprises a maturity analysis of the discounted annual lease receivable from leases in which the Company is the lessor:

Lease receivable assets:

Maturity analysis

	As at 30 September 2023 £m	As at 30 September 2022 £m
Not later than one year	-	1
Later than one year and not later than five years	-	-
	-	1

	As at 30 September 2023 £m	As at 30 September 2022 £m
Analysed as:		
Non-current	-	-
Current	-	1
	-	1

Expected credit losses of £nil were charged (2022: £1m reversed) in the year with respect of lease receivable assets.

The table below comprises a maturity analysis of the undiscounted annual payments from leases in which TUI UK Retail Limited is the lessor:

Expected minimum lease payments

							30 September 2023
	Up to 1 year £m	**1-2 years £m**	**2-3 years £m**	**3-4 years £m**	**4-5 years £m**	**More than 5 years £m**	**Total £m**
Operating lease contracts	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

							30 September 2022
	Up to 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Operating lease contracts	1	-	-	-	-	-	1
	1	-	-	-	-	-	1

21. Provisions for liabilities

Analysis of movements during the year:

	Restructuring £m	Dilapidations £m	Other £m	Total £m
At 1 October 2022	1	9	1	11
Provided during the year	-	2	-	2
Release of surplus provision	-	(1)	-	(1)
Utilised during the year		(1)	(1)	(2)
At 30 September 2023	**1**	**9**	**-**	**10**

Analysis of total provisions:	As at 30 September 2023 £m	As at 30 September 2022 £m
- Non-current	**3**	3
- Current	**7**	8
	10	11

Restructuring
The restructuring provision related to business reorganisation and redundancy.

Dilapidations
A dilapidation provision is held in respect of retail properties in accordance with IAS 37, as these are not 'Day one obligations' as specified by IFRS 16.

22. Retirement benefit obligations

The Company operates both defined contribution and defined benefit pension schemes.

Defined contribution 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 amount expensed to the Statement of Comprehensive Income in respect of retirement benefit costs are the contributions payable in the year, being £2m (2022: £2m). Differences between contributions payable in the year and contributions actually paid are shown as Trade and other payables in the Statement of Financial Position although are not material amounts so have not been disclosed separately. See Note 8.

Defined benefit scheme
The Company's retirement benefit obligations relate to the TUI UK Scheme ("Scheme"), a segregated section of TUI Group UK Pension Trust ("Trust"). The other sections within the Trust are the BAL Scheme and the TAPS Scheme, both operated by TUI Airways Limited primarily for the pilot workforce.

The scheme closed to future accrual on 31 October 2018.

The Company is one of several Group employers participating in the Scheme and recognises its contractually agreed share of this scheme's assets and liabilities. The allocation by employer has been updated for movements arising from 1 October 2022, based on revised membership headcount data.

Retirement benefit costs are assessed in accordance with the advice of an independent, professionally qualified actuary on the basis of triennial valuations using the projected unit credit method. The assets of the scheme are held through independent, trustee–administered funds separate from the assets of the Group. The most recent actuarial technical funding valuation is as at 30 September 2019. An updated valuation as at September 2022 is in the process of being prepared.

22. Retirement benefit obligations (continued)

Defined benefit scheme (continued)
In accordance with the advice of an independent professionally qualified actuary, the scheme's liability valuation estimate at the Statement of Financial Position date has been updated and the scheme assets have been recognised at fair value at the Statement of Financial Position date.

The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period, curtailments and settlements are expensed to operating profit or loss. The full cost of providing amendments to benefits in respect of past service is also expensed or credited to operating profit or loss in the year. The interest expense on the net deficit is included in Finance expenses whilst actuarial gains and losses are recognised in Other Comprehensive Income.

The surplus or deficit on the scheme is recognised as a non-current asset or liability on the Statement of Financial Position under the description 'Retirement benefits', gross of related deferred tax, which is recognised separately.

Funding
The total deficit funding contribution agreement in respect of all the schemes, is for £81m per annum to be payable in the years 2023 through to 2025, with a final instalment of £61m in 2026.

The allocation of these payments between the Company and fellow Group companies and across the three schemes was agreed after the September 2016 valuation had determined the deficit in each scheme. To avoid any scheme being disadvantaged in any year compared to the previous funding agreement, amounts payable vary over time by scheme and hence by sponsoring employer. Throughout the agreement, this allocation by scheme is subject to revision, based on the relative funding deficits of the schemes. The Company's annual share of deficit funding contributions varies between £20m and £29m.

Role of the Trustees
The Trust's Trustees are responsible for all three schemes and comprise representatives appointed by the members and TUI UK Limited, which is the principal employer. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible in particular for the asset investment policy plus the day-to-day administration of the benefits. They are also responsible for jointly agreeing with the employer the level of contributions and funding requirements.

Risks
The Scheme is exposed to a number of financial risks (asset risk, interest rate risk, inflation risk and foreign exchange risk) and demographic risk (mortality risk).

Asset risk
28% (2022: 30%) of the Schemes' assets are invested in equity, property, and alternatives which are expected to outperform corporate bonds in the long term but are likely to increase the volatility of the Statement of Financial Position and risk of deficit in the short term. Investing in these asset classes also creates concentration and liquidity risk. Concentration risk is the risk that the performance of a single investment might negatively impact on the Trustees' ability to meet their objectives. Liquidity risk is the risk of a shortfall in cash relative to the short-term liabilities.

Interest rate risk
The scheme is subject to interest rate risk, where a decrease in corporate bond yields would increase the value placed on the defined benefit obligation for accounting purposes, resulting in an increased deficit. However, this is mitigated by investing in Liability Driven Investments ("LDIs"), which are designed to offset the impact of movement in interest and inflation rates.

Inflation rate risk
A proportion of the defined benefit obligation is indexed in line with price inflation, subject to defined caps and collars. Inflation risk is considered less significant due to the use of these caps and collars. Further, the remaining inflation risk is mitigated by investing in Liability Driven Investments ("LDIs"), which are designed to offset the impact of movement in interest and inflation rates.

22. Retirement benefit obligations (continued)

Risks (continued)

Foreign exchange risk
The Company faces foreign exchange risk from Scheme assets that are denominated in a currency other than Sterling.

Mortality risk
The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liability.

Duration
The weighted average duration of the Scheme's defined benefit obligation is 15 (2022: 19) years.

Composition of defined benefit obligations
The UK Scheme's defined benefit obligation was as follows:

	As at 30 September 2023	As at 30 September 2022
	%	%
Deferred members not yet claiming pensions	**60**	69
Pensioner members	**40**	31
	100	100

Assumptions
The liabilities for the Scheme have been calculated using the following principal financial and demographic assumptions, which reference the best estimate of market conditions at the valuation date.

Financial assumptions

	As at 30 September 2023	As at 30 September 2022
	%	%
Discount rate	**5.5**	5.1
Inflation assumption (Retail Price Index, RPI)	**3.3**	3.6

Demographic assumptions
The mortality assumptions for the Scheme explicitly allow for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 on the Statement of Financial Position date, and 20 years after the Statement of Financial Position date:

Life expectancy	**As at 30 September 2023**	As at 30 September 2022
	Years	Years
Males		
Life expectancy in years for a pensioner retiring aged 65, on the Statement of Financial Position date	**21.2**	22.2
Life expectancy in years for a pensioner retiring aged 65, 20 years after the Statement of Financial Position date	**22.1**	23.4
Females		
Life expectancy in years for a pensioner retiring aged 65, on the Statement of Financial Position date	**23.5**	24.1
Life expectancy in years for a pensioner retiring aged 65, 20 years after the Statement of Financial Position date	**24.6**	25.3

22. Retirement benefit obligations (continued)

Sensitivity analysis
The sensitivity of the defined benefit obligation to reasonably possible changes to the key financial and demographic assumptions for the Scheme is illustrated below:

	As at 30 September 2023 £m
Financial assumptions	
Inflation	
Increase in obligation due to increasing inflation by 0.5%	**4**
Decrease in obligation due to decreasing inflation by 0.5%	**(6)**
Discount rate	
Increase in obligation due to decreasing discount rate by 0.5%	**21**
Decrease in obligation due to increasing discount rate by 0.5%	**(19)**
Demographic assumptions	
Mortality rate	
Increase in obligation due to increasing all life expectancies by 1 year	**8**

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year and may not be representative of the actual change. It is based on the key assumptions while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Key accounting results

Retirement benefit scheme income recognised within the Statement of Comprehensive Income
The Company recognises the income of its Scheme as follows:

	Financial year ended 30 September 2023 £m	Financial year ended 30 September 2022 £m
Net retirement benefit interest income	**1**	-
	1	-

Net defined benefit obligation
The Company's total net defined benefit obligation recognised within the Statement of Financial Position is as follows:

	As at 30 September 2023 £m	As at 30 September 2022 £m
Present value of defined benefit obligations	**(279)**	(279)
Fair value of plan assets	**239**	267
Total net defined liabilities within the Statement of Financial Position	**(40)**	(12)

22. Retirement benefit obligations (continued)

Net defined benefit obligation (continued)
A reconciliation of the Company's net defined benefit liability, analysed between the defined benefit obligation and plan assets is as follows:

	Present value of defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
At 1 October 2021	(492)	455	(37)
Finance (expense)/income	(10)	10	-
(Charge)/credit to the Statement of Comprehensive Income	(10)	10	-
Re-measurement of the net defined benefit liability:			
Return on plan assets, excluding amounts in interest expense	-	(225)	(225)
Actuarial losses arising from changes in demographic assumptions	(4)	-	(4)
Actuarial gains arising from changes in financial assumptions	210	-	210
Actuarial gains arising from experience adjustments	2	-	2
Credit/(charge) to Other comprehensive income	208	(225)	(17)
Employer contributions	-	42	42
Benefit payments	15	(15)	-
At 30 September 2022	(279)	267	(12)

	Present value of defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
At 1 October 2022	**(279)**	**267**	**(12)**
Finance (expense)/income	**(10)**	**11**	**1**
(Charge)/credit to the Statement of Comprehensive Income	**(10)**	**11**	**1**
Re-measurement of the net defined benefit liability:			
Return on plan assets, excluding amounts in interest expense	**-**	**(54)**	**(54)**
Actuarial gains arising from changes in demographic assumptions	**12**	**-**	**12**
Actuarial gains arising from changes in financial assumptions	**12**	**-**	**12**
Actuarial losses arising from experience adjustments	**(22)**	**-**	**(22)**
Credit/(Charge) to Other comprehensive income	**2**	**(54)**	**(52)**
Employer contributions	**-**	**23**	**23**
Benefit payments	**8**	**(8)**	**-**
At 30 September 2023	**(279)**	**239**	**(40)**

22. Retirement benefit obligations (continued)

Assets
The fair value of plan assets at the end of the financial year-end was as follows:

	As at 30 September 2023			As at 30 September 2022		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
	£m	**£m**	**£m**	£m	£m	£m
Securitised Debt	**8**	**-**	**8**	7	-	7
Corporate bonds	**20**	**21**	**41**	45	22	67
Property	**44**	**-**	**44**	48	-	48
Property debt	**-**	**23**	**23**	-	29	29
Insurance linked securities	**-**	**-**	**-**	-	2	2
Liability driven investment	**109**	**-**	**109**	110	-	110
Cash & cash equivalents	**-**	**14**	**14**	-	4	4
Total fair value of Scheme assets	**181**	**58**	**239**	210	57	267

The Scheme's assets do not include any financial instruments issued by the Company, nor any property occupied by, or other assets used by the Company. Investments in passive index tracker funds may hold a proportionate investment in TUI AG.

23. Called up share capital

	As at 30 September 2023 £m	As at 30 September 2022 £m
Authorised		
381,000,000 (2022: 381,000,000) ordinary shares of £1 each	**381**	381
Issued and fully paid, presented as equity		
381,000,000 (2022: 381,000,000) ordinary shares of £1 each	**381**	381

24. Reserves

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

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

25. Related party transactions.

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

26. Financial commitments

The Company is a classed as a material subsidiary of the TUI AG's external bank revolving credit facilities ("RCF") of €2.7bn which include a letter of credit tranche in an aggregate amount of €190m.

27. Post balance sheet events

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

- In February 2024, the TUI AG shareholders voted in favour of the proposal to delist from the London Stock Exchange. The next step will be the start of trading of the TUI share in the Prime Standard in Frankfurt, at the beginning of April. The share is expected to be admitted to the MDAX on June 24. The listing on the London Stock Exchange will then also end.

- Also in February 2024, TUI AG successfully placed sustainability-linked senior notes in an aggregate principal amount of €500m with a tenor of five years. The issue proceeds will be used to repay existing liabilities, reduce the KfW credit line and cover expenses associated with the bond. The notes have an annual coupon of 5.875% and will be issued at 98.93%. The coupon of the notes is linked to the achievement of a specific sustainability target (reduction of the CO2e per Revenue Passenger Kilometer by at least 11% until end of FY26 (from a 2019 baseline) within the TUI Group's airline companies). Failure to achieve the sustainability target will increase the annual coupon of the notes by 25 basis points for the remaining term.

28. 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, Hanover or from the website www.tuigroup.com/en-en.

No other financial statements include the results of the Company.