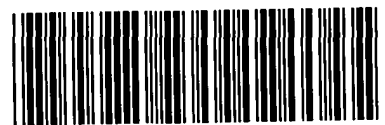


Thomas Cook Services Limited
Annual report
for the year ended 30 September 2017

Registered number 3028914

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Thomas Cook Services Limited

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Thomas Cook Services Limited

Registered number 3028914

Strategic report

The directors present their strategic report on the affairs of Thomas Cook Services Limited (the “Company”), together with the audited financial statements. This annual report covers the year ended 30 September 2017.

Business review and principal activities

Thomas Cook Services Limited is a wholly-owned subsidiary of Thomas Cook Group plc (“the Group”, “Thomas Cook”), a Company that is listed on the London Stock Exchange.

The Company made a loss for the financial year of £3,433k (2016: £2,640k loss) and turnover of £770,845k (2016: £934,790k). The Company has net liabilities of £5,649k (2016: liabilities of £2,216k).

The Group operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail & online dynamic packaging / component travel businesses and scheduled tour operators.

The principal activity of the Company is the procurement of air transportation for the tour activity of other wholly-owned Companies within the Group. The Company provides these services to Thomas Cook Tour Operations Limited.

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. Thomas Cook, through its subsidiary companies, operates in the travel intermediary segment, made up of travel agents and tour operators.

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels. The Group’s own distribution channels, which include the operations of the Company, comprise retail stores, online via various Group websites and call centres.

Strategy and future outlook

The Group’s key objectives in package travel are to improve margins through better product mix and reduce underlying costs, thus again driving an improvement in achieved margin.

Product mix is a key factor in attracting and retaining packaged customers and in driving higher margins. The Group is focused on optimising the proportion of exclusive hotels, differentiated and unique concept holidays and replicating successful formats across a range of destinations. As these products are developed and offered exclusively by the Group, they do not lend themselves to direct price comparison. To the extent that customers value their unique features, these products also tend to encourage earlier booking and higher loyalty. As a result, exclusive and differentiated products attract a higher average selling price and margin than our more standard packages.

Cost management is another important element in a successful package holiday operation. Accommodation and aviation costs are significant, so a relatively modest movement can have a significant impact on performance. In these areas, the Group has taken action to coordinate purchasing across its segments, leveraging its combined scale.

Through strategic partnerships the Company can drive growth. The Joint Venture will collaborate with the Group markets across Europe to promote China as a destination for global leisure and corporate customers. This includes tailor-made tours and new and innovative travel routes for leisure travellers, as well as catering for the growing meetings, incentives, conferences and events market.

Strategic report (continued)

Principal risks and uncertainties

The principal area of risk or uncertainty for the Company relates to the carrying amount of the Company's investments in Joint Venture undertakings which are dependent on the financial performance of those undertakings. The Directors carry out an annual assessment of the carrying value of the investments by reference to the underlying net assets and the forecast future financial performance, including cash flows, of the undertakings.

Key performance indicators (KPI's)

The Company is a member of the Thomas Cook Group plc group of companies ("the Group"). The key performance indicators of the Company are integrated with the performance of the Group, and are not managed separately. The Company's directors believe that further analysis is not necessary for an understanding of the development, performance, position or risks of the Company. A detailed review of the Group performance indicators can be found in the Thomas Cook Group plc Annual Report and Accounts for 2017.

The Strategic report has been approved and is signed on behalf of the board by:



S Bradley
Representing Thomas Cook Group Management Services Limited
Director
26 March 2018

Registered office
Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

Directors' report

The directors present their report on the affairs of the Company, together with the audited financial statements. This audited financial statement covers the year ended 30 September 2017.

Please refer to the Strategic Report, set out on pages 1-4, for the business review, future developments and financial risk management of the business.

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2017 (2016: £nil).

Directors

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

P Hemingway
Thomas Cook Group Management Services Limited

Company secretary

Shirley Bradley

Directors' indemnities

In accordance with its Articles, the Company has made qualifying third party indemnity provisions, to the extent permitted by law, for the benefit of its directors. These were made during the year and remain in force at the date of this report. The Company also maintains Directors' and Officers' liability insurance.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, the following applies:

- (a) So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pricewaterhouse Coopers LLP resigned as auditor of the Company with effect from 16 March 2017 and Ernst & Young LLP were appointed auditor for the financial year ended 30 September 2017. Ernst & Young LLP have agreed to continue in office as auditor of the Company.

The Directors' report has been approved and is signed on behalf of the board by:



S Bradley
Representing Thomas Cook Group Management Services Limited
Director
26 March 2018

Registered office
Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

Independent auditor's report to the members of Thomas Cook Services Limited

Opinion

We have audited the financial statements of Thomas Cook Services Limited for the year ended 30 September 2017 which comprise of the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the Strategic Report and the Directors' report set out on page 3 - 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Thomas Cook Services Limited (continued)

Other information (continued)

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

We have nothing to report in this regard.

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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on pages 5-6, 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.

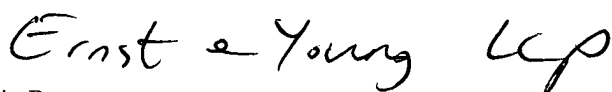
Independent auditor's report to the members of Thomas Cook Services Limited (continued)

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.

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.

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



Colin Brown
Senior statutory auditor
for and on behalf of Ernst & Young LLP,
Manchester

27 March 2018

Thomas Cook Services Limited

Registered number 3028914

Statement of comprehensive income Year ended 30 September 2017

	Note	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Turnover	3	770,845	934,790
Cost of sales		<u>(687,549)</u>	<u>(822,056)</u>
Gross profit		83,296	112,734
Operating expenses	4	<u>(84,882)</u>	<u>(114,494)</u>
Loss on ordinary activities before taxation		(1,586)	(1,760)
Interest payable and similar charges		(29)	(25)
Share of results of joint ventures	8	<u>(1,818)</u>	<u>(855)</u>
Loss before tax		(3,433)	(2,640)
Tax	7	<u>-</u>	<u>-</u>
Loss for the financial year and total comprehensive loss for the year		<u><u>(3,433)</u></u>	<u><u>(2,640)</u></u>

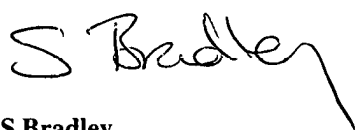
All of the turnover and results arose from continuing operations.

Balance sheet
As at 30 September 2017

	Note	30 September 2017 £'000	30 September 2016 £'000
Fixed assets			
Investments	8	752	2,570
Loans to Associates	14	2,766	-
Current assets			
Debtors	9	4,724	1,913
Cash		130	-
Total assets		<u>8,372</u>	<u>4,483</u>
Current liabilities			
Creditors: amounts falling due within one year	10	<u>(14,021)</u>	<u>(6,699)</u>
Total liabilities		<u>(14,021)</u>	<u>(6,699)</u>
Net liabilities		<u>(5,649)</u>	<u>(2,216)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		<u>(5,749)</u>	<u>(2,316)</u>
Total shareholders' deficit		<u>(5,649)</u>	<u>(2,216)</u>

The notes on pages 13 to 20 form part of the financial statements.

The financial statements on pages 10 to 20 were approved by the Board of Directors and authorised for issue on 26 March 2018 and were signed on its behalf by:



S Bradley
Representing Thomas Cook Group Management Services Limited
Director
26 March 2018

Thomas Cook Services Limited

Registered number 3028914

Statement of changes in equity For the year ended 30 September 2017

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2015	100	324	424
Loss for the financial year and total comprehensive income for the year	-	(2,640)	(2,640)
Balance at 30 September 2016 and at 1 October 2016	100	(2,316)	(2,216)
Loss for the financial year and total comprehensive income for the year	-	(3,433)	(3,433)
Balance at 30 September 2017	100	(5,749)	(5,649)

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements Year ended 30 September 2017

1 General information

Thomas Cook Services Limited (the “Company”) is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, Cambridgeshire PE2 6FZ. The nature of the Company’s operations and its principal activities are set out in the Strategic report. These financial statements are presented in pounds sterling, which is the Company’s functional currency, because that is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest thousands, except when otherwise indicated. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Registrar of Companies. The Company’s intermediate parent is Thomas Cook Tour Operations Limited (TCTO).

Basis of Preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006, as applicable to companies using FRS101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, ‘Financial Instruments: Disclosures’
- The following paragraphs of IAS 1, ‘Presentation of financial statements’:
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 111 (cash flow statement information)
 - 38A (requirement for minimum of two primary financial statements, including cashflow statements)
 - 38B-D (additional comparative information)
 - 40A-D (requirements for third statement of financial position)
 - 134 – 136 (capital management disclosures), and
- IAS 7, ‘Statement of cash flows’
- Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, ‘Related party disclosures’ (key management compensation)
- The requirements in IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the group financial statements of the Group. The consolidated financial statements of the Group are available to the public and can be obtained as set out in note 13.

Notes to the financial statements (continued)

Year ended 30 September 2017

1 General information (continued)

Basis of Preparation (continued)

The financial statements have been prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is reliant on the support of the Group. This support has been formally provided and accordingly the directors of the Company have prepared these financial statements on a going concern basis.

Adoption of new or amended standards and interpretations in the current year

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2016 have had a material impact on the amounts reported or the disclosure and presentation in these financial statements.

2 Significant accounting policies

Turnover recognition and associated costs

Turnover represents the fair value of consideration receivable from the sale of air transportation to TCTO. Turnover and direct expenses, such as cost of sales, relating to this service are taken to the income statement when earned, which is when the service has been provided.

Financial instruments

Given the simple nature of the Company's operations, the directors do not believe that the Company has any material exposure to price risk, credit risk, liquidity risk or cash flow risk. As such, no sensitivity analysis of the impact of reasonably possible changes in these risk variables on the Company has been presented.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. The measurement of particular financial assets or liabilities is set out below.

Non derivative financial instruments

The treatment of non-derivative financial instruments is set out below

Trade and other receivables

Trade and other receivables are initially recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for irrecoverable amounts is established when there is objective evidence that Thomas Cook will not be able to collect all amounts due according to the original terms of the receivables.

The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the Statement of comprehensive income.

Borrowings

Interest bearing borrowings are initially recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

Notes to the financial statements (continued)

Year ended 30 September 2017

2 Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents normally includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within creditors.

Investments

Investments pertains to investment in Joint Venture. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investments in joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Company's share of the results of operations of the joint venture. Any change in the other comprehensive income of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The accounting period end date of the joint venture is 31 December. The accounting period end date differs from those of the group for commercial reasons and depends upon requirements of the joint venture partner as well as those of the group.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of results of a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the financial statements (continued)

Year ended 30 September 2017

2 Significant accounting policies (continued)

Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Recoverable amounts of investments

Judgements have been made in respect of the amounts of future operating cash flows to be generated by certain of Thomas Cook Group businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for investments in relation to those businesses.

Joint control of an arrangement

Judgement has been made in determining that the Company has joint control over the joint venture arrangement. The Company owns 49% of the joint venture, however, has 2 board representation and therefore have a joint control over the joint venture.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Group. The Directors have received confirmation that the Group intends to support the Company for at least one year after these financial statements are signed.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax in the future.

This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdiction and for the year in which the temporary differences are expected to reverse. Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements (continued) Year ended 30 September 2017

3 Turnover

An analysis of the Company's turnover is as follows:

	2017 £'000	2016 £'000
Sales of air transportation	770,845	934,790

4 Operating expenses

	2017 £'000	2016 £'000
Administrative expenses	(84,882)	(114,494)

The average number of employees was:

	2017 number	2016 Number
Average employees	3	2

	2017 £'000	2016 £'000
Wages and salaries	627	605
Social security costs	31	218
Other pension costs	49	5
	707	828

Disclosure of directors' remuneration is included in note 6.

5 Auditor's remuneration

Auditors' remuneration is paid for centrally by Thomas Cook UK Limited and recharged to the Company. Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of the Group.

6 Directors' remuneration

Directors' emoluments

The Directors of the company were employed and remunerated by other group companies. The qualifying services provided to the company by these Directors were incidental to their main roles, therefore the remuneration amount relating to the Company is £nil or the year ended 30 September 2017 (2016: £nil). There are no other employees of the company.

Notes to the financial statements (continued)

Year ended 30 September 2017

7 Tax on loss on ordinary activities

	2017 £'000	2016 £'000
Analysis of tax charge for the year:		
Current taxation		
UK corporation tax charge for the year	-	-
Current tax charge for the year	-	-

Corporation tax is calculated at 19.5% (2016: 20.0%) of the estimated assessable loss for the year.

The tax charge for the year can be reconciled to the loss per the Statement of comprehensive income as follows:

	2017 £'000	2016 £'000
Loss on ordinary activities before taxation	(3,433)	(2,640)
Loss on ordinary activities before taxation multiplied by the current tax rate of 19.5% (2016: 20.0%)	(669)	(528)
Expenses not deductible for tax purposes	675	177
Group relief surrendered for nil consideration	(6)	351
Tax charge for the year	-	-

In addition to the reduction in the UK corporation tax rate from 20.0% to 19.5% (effective from 1 April 2017), a further reduction to 17.0% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated based on the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Finance (No. 2) Act 2017 was substantively enacted on 31 October 2017 and included legislation to amend the rules relating to the utilisation of brought forward losses and the deductibility of interest for corporation tax purposes. These new rules apply retrospectively from 1 April 2017. With substantive enactment taking place after the balance sheet date, the accounting standards do not require the impact of these rules to be accounted for until the period ended 30 September 2018. Due to the complexity of the legislation it is too soon to quantify the effect of the new rules if they had been applied at the balance sheet date.

There are no unrecognised deferred tax assets or liabilities (2016: £nil).

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements (continued) Year ended 30 September 2017

8 Investments

Joint Ventures	£'000
Cost	
At 1 October 2016	2,570
Additions	-
Company's share of joint ventures loss for the year	(1,818)
	<hr/>
At 30 September 2017	752
	<hr/>
Net book value	
At 30 September 2016	2,570
	<hr/>
At 30 September 2017	752
	<hr/>

9 Debtors

Amounts falling due within one year	2017 £'000	2016 £'000
Amounts owed by group undertakings	4,719	1,908
Input VAT	5	5
	<hr/>	<hr/>
	4,724	1,913
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank overdrafts due on demand and unsecured	-	(435)
Accruals	(294)	(268)
Amounts owed to group undertakings	(13,727)	(5,996)
	<hr/>	<hr/>
	(14,021)	(6,699)
	<hr/>	<hr/>

All amounts are denominated in sterling. Amounts owed by group undertakings are repayable on demand and the Directors consider fair value to be equal to the book value. Loans totalling £8,882k (2016: £5,163k) are interest bearing and interest rates are based on London Interbank Offered Rate ("Libor") rates with no margin. The interest is charged at an average rate of 0.32% (2016: 0.48%).

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements (continued) Year ended 30 September 2017

11 Called up share capital

	2017 £'000	2016 £'000
Authorised:		
100,000 (2016:100,000) ordinary shares of £1 each	100	100
Allotted, issued and fully paid:		
100,000 (2016 :100,000) ordinary shares of £1 each	100	100

The Company has one class of ordinary shares, which carry no right to fixed income.

12 Contingent liabilities

At 30 September 2017 the Company has given guarantees and counter indemnities to banks totalling £2.06m (2016: £2.06m) in respect of bonding, letter of credit and guarantee facilities. The Company is also a guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group. The Group potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £2.06m (2016: £2.06m).

13 Ultimate controlling party

The Company is a subsidiary of Thomas Cook Tour Operations Limited, which is incorporated in England and Wales.

Thomas Cook Group plc, incorporated in England and Wales, is the Company's ultimate parent company and ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.

14 Loans to associates

In May 2017 the Company loaned \$3.6m to Kuyi International Travel Agency (Shanghai) Co. Ltd., a Joint Venture with Fosun International Limited ("Fosun"). The loan is non-interest bearing which is repayable on demand or on 30 April 2019.

15 Subsidiaries, associates and joint ventures

Name	Country of incorporation	Proportion held %	Class of shares
Kuyi International Travel Agency (Shanghai) Co., Ltd	China	49	Ordinary