

First Choice Aviation Limited
Directors' report and financial statements
for the year ended 30 September 2012
Company number 3115443

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First Choice Aviation Limited
Report of the Directors for the year ended 30 September 2012

The Directors present their report and the audited financial statements of First Choice Aviation Limited ("the Company") for the year ended 30 September 2012

Principal activity

The Company did not trade in either the current or prior year. The Company receives interest on an interest-bearing loan made to TUI UK Transport Limited, a fellow subsidiary in the TUI Travel PLC group of companies ("the Group"). The majority of the loan was repaid on 16 July 2012.

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2012 was £400,000 (2011: £600,000). An interim dividend of £8.3m was paid during the year (2011: £nil). The Directors do not recommend the payment of a final dividend.

Business review

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Funding, liquidity and going concern

The Directors have considered the funding and liquidity position of the Company and of its intermediate parent company TUI Travel PLC. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Directors

The Directors of the Company at the date of this report are:

First Choice Holidays & Flights Limited

A. L. John

J. Walter

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Directors' insurance

Throughout the financial year, and at the date of approval of these financial statements, the intermediate parent company, TUI Travel PLC, maintained Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the 2006 Companies Act 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 auditors are 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 auditors are aware of that information.

Statement of Directors' responsibilities

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

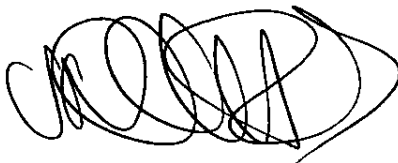
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



J Walter
Director

Company Number 3115443

Dated 11 June 2013

First Choice Aviation Limited

Independent auditors' report to the members of First Choice Aviation Limited

We have audited the financial statements of First Choice Aviation Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
11 June 2013

First Choice Aviation Limited
Profit and loss account for the year ended 30 September 2012

		Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
	Note		
Interest receivable and similar income	3	<u>435</u>	<u>610</u>
Profit on ordinary activities before taxation	2	435	610
Tax on profit on ordinary activities	4	(109)	(165)
Profit for the financial year	9	<u>326</u>	<u>445</u>

The results stated above are all derived from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

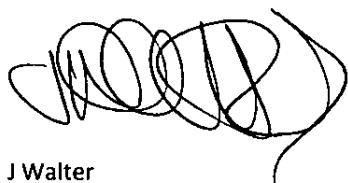
There are no recognised gains and losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

First Choice Aviation Limited
Balance Sheet as at 30 September 2012

		30 September 2012 £'000	30 September 2011 £'000
	Note		
Current assets			
Debtors amounts falling due after more than one year	5	493	-
Debtors amounts falling due within one year	6	1,097	8,470
		<u>1,590</u>	<u>8,470</u>
Creditors amounts falling due within one year	7	(1,564)	(470)
Net assets		<u>26</u>	<u>8,000</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	24	7,998
Total shareholders' funds	10	<u>26</u>	<u>8,000</u>

The notes from pages 6 to 9 form part of these financial statements

The financial statements were approved by the Board on 11 June 2013 and signed on their behalf by



J Walter
Director

1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and under the historical cost convention

Cash flow

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of TUI Travel PLC and its cash flows are included within the consolidated cash flow statement of the Group

Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the financial statements. 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.

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012. At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013.

Further proposals to reduce the main UK corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 have not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

These reductions may reduce the Company's future current tax charges accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions. Although these should further reduce the Company's future current tax charges and reduce the Company's deferred tax liabilities / assets accordingly, it is estimated that any such reductions will not have a material effect on the Company.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

2. Profit on ordinary activities before taxation

The Company had no employees in either the current or prior year

The Directors received no remuneration for their services to the Company during the year (2011 £nil) The Directors are also directors of a number of other Group companies and it is not possible to make an accurate apportionment of their remuneration in respect of each of the Group companies of which they are a director

In 2011 and 2012 the auditors' remuneration was borne by another Group company It has not been possible to separately identify the audit fee related to this entity

3. Interest receivable and similar income

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Income from Group undertakings	<u>435</u>	<u>610</u>

4. Tax on profit on ordinary activities

(i) Analysis of tax charge in year

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Current tax		
- Amounts payable to fellow subsidiaries for group relief	<u>109</u>	<u>165</u>
Total current tax	<u>109</u>	<u>165</u>

(ii) Factors affecting the current tax charge for the year

The current tax charge for the year is equal (2011 equal) to the standard rate of corporation tax in the UK of 25% (2011 27%) This is shown below

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Profit on ordinary activities before tax	<u>435</u>	<u>610</u>
Profit on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	<u>109</u>	<u>165</u>
Current tax charge for year	<u>109</u>	<u>165</u>

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods after taking into account expenditure not deductible for taxation and any non-taxable income The statutory rate of UK corporation tax will reduce to 23% with effect from 1 April 2013

5. Debtors: amounts falling due after more than one year

	30 September 2012 £'000	30 September 2011 £'000
Amounts owed by Group undertakings	<u>493</u>	<u>-</u>

Amounts owed by Group undertakings comprise an intercompany loan note which is unsecured and interest-free

6. Debtors: amounts falling due within one year

	30 September 2012 £'000	30 September 2011 £'000
Amount owed by Group undertakings	<u>1,097</u>	<u>8,470</u>

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand

In the prior year the Amounts owed by Group undertakings of £8.5m comprised an interest-bearing and unsecured intercompany loan note which was partially repaid during the current financial year

7. Creditors: amounts falling due within one year

	30 September 2012 £'000	30 September 2011 £'000
Amounts due to Group undertakings	(985)	-
Group relief payable	<u>(579)</u>	<u>(470)</u>
	<u>(1,564)</u>	<u>(470)</u>

Amounts due to Group undertakings in the current year are unsecured, interest-free and repayable on demand

8. Called-up share capital

	30 September 2012 £'000	30 September 2011 £'000
Issued and fully paid 2,000 (2011: 2,000) ordinary shares of £1 each	<u>2</u>	<u>2</u>

9. Profit and loss account

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
At 1 October	7,998	7,553
Profit for the financial year	326	445
Dividends paid (Note 10)	<u>(8300)</u>	<u>-</u>
At 30 September	<u>24</u>	<u>7,998</u>

10. Reconciliation of movements in shareholders' funds

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Opening shareholders' funds	8,000	7,555
Profit for the financial year	326	445
Dividends	(8,300)	-
Closing shareholders' funds	26	8,000

On 16 July 2012, an interim dividend of £8.3m was paid to First Choice Holidays & Flights Limited, the Company's immediate parent company

11. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI Travel PLC.

12. Ultimate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate holding company is First Choice Holidays & Flights Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from the Company Secretary, TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website www.tuitravelpc.com. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tui-group.com.