Thomas Cook Aircraft Engineering Limited

Annual report and financial statements

for the period ended 30 September 2008

Registered number 4339114

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Thomas Cook Aircraft Engineering Limited

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Thomas Cook Aircraft Engineering Limited

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 September 2008. Since the publication of the last annual report, the accounting period of the company has been changed from 31 October to 30 September. This annual report covers the 11 month period ended 30 September 2008.

Business review & principal activities

Thomas Cook Aircraft Engineering Limited is a wholly owned subsidiary of Thomas Cook Airlines Limited, a company that ultimately forms part of the Thomas Cook Group PLC. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at The Thomas Cook Business Park, Coningsby Road, Peterborough PE3 8SB (see Note 24).

The principal activities of the Company relate to the provision of fleet airworthiness management and aircraft maintenance, including line maintenance A-checks and C-checks, to Thomas Cook Airlines Limited, Thomas Cook Airlines UK Limited, MyTravel Airways A/S and Skyservice Airlines. Ad-hoc aircraft maintenance services are also provided for a number of other third party airlines.

As shown in the Company's income statement on page 7 the Company's results for the year ended 30 September 2008 show an operating profit of £276,000 compared to a restated operating loss of £416,000 in the year ended 31 October 2007. This has been mainly due to synergy benefits arising following the merger of MyTravel Group PLC with Thomas Cook AG.

The balance sheet on page 9 of the financial statements shows that the company has net liabilities of £352,000 (2007 as restated : £489,000) a decrease in net liabilities of £137,000 in the period.

Thomas Cook Group plc manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK division of Thomas Cook Group plc, which includes this Company, is discussed in the Group's Annual Report which does not form part of this Report.

Principal risks and uncertainties

The Company requires regulatory licences and approvals and trained, licensed staff. Failure to continue to satisfy the necessary regulatory criteria (whether financial or operational) could result in the suspension, revocation or non-renewal of one or more necessary licences which, in certain cases, depending on the particular licence or approval concerned, could result in the cessation of that operation. The Company continues to focus on ensuring that this does not occur.

There is a general shortage of skilled engineers in the industry, and as such the Company has invested in a new apprenticeship scheme and continued training of its staff.

The directors of Thomas Cook Group plc manage the group's risks at a group level, rather than at an individual business unit level. The principal risks and uncertainties of Thomas Cook Group plc, which include those of the company, are discussed on page 46 of the group's annual report which does not form part of this report.

Environment

Thomas Cook Group plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual Report which does not form part of this Report.

DIRECTORS' REPORT (continued)

Directors

The directors, who served throughout the period, were as follows:

Frank Pullman
Lucas Mollan
Claire Hearnshaw (resigned 1 February 2009)
Claire Brown (appointed 1 February 2009)
Greg McMahon (resigned 1 January 2008)
Thomas Cook Group Management Services Limited

Dividends

The directors do not recommend the payment of a dividend in respect to the period to 30 September 2008 (2007: £nil).

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 September 2008 were equivalent to 38 days (2007: 30 days) days' purchases, based on the average daily amount invoiced by suppliers during the period.

Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Independent auditors

During the year Deloitte & Touche resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill the vacancy. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting
By order of the Board,

S Bradley

S Bradley representing Thomas Cook Group Management Services Ltd
Director
30 July 2009

Thomas Cook Aircraft Engineering Limited

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 those 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 that the financial statements comply with IFRSs as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Thomas Cook Aircraft Engineering Limited

Independent auditors' report to the members of Thomas Cook Aircraft Engineering Limited

We have audited the financial statements of Thomas Cook Aircraft Engineering Limited for the period ended 30 September 2008 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Thomas Cook Aircraft Engineering Limited

Independent auditors' report to the members of Thomas Cook Aircraft Engineering Limited (continued)

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 July 2009

Thomas Cook Aircraft Engineering Limited

INCOME STATEMENT
Period ended 30 September 2008

	Notes	Period ended 30 September 2008 £000	Year ended 31 October 2007 (as restated– see note 26) £000
Revenue	3	**31,488**	19,930
Cost of sales		**(29,488)**	(18,870)
Gross profit		**2,000**	1,060
Operating expenses	4	**(1,746)**	(1,473)
Disposal of items of property, plant and equipment		**22**	(3)
Operating profit / (loss)		**276**	(416)
Analysed between:			
Profit from operations before exceptional items		**738**	(334)
Exceptional items	5	**(462)**	(82)
		276	(416)
Profit/(loss) before finance items		**276**	(416)
Finance income	6	**-**	1
Finance costs	7	**(3)**	(1)
Profit/(loss) before tax	8	**273**	(416)
Tax	10	**(136)**	(370)
Profit/(loss) for the period		**137**	(786)
Attributable to:			
Equity holders of the parent		**137**	(786)

Thomas Cook Aircraft Engineering Limited

STATEMENT OF RECOGNISED INCOME AND EXPENSE
Period ended 30 September 2008

	Notes	Period ended 30 September 2008 £000	Year ended 31 October 2007 (as restated – see note 26) £000
Profit/(loss) for the period		137	(786)
Total recognised income and (expense) for the period		137	(786)
Attributable to:			
Equity holders of the parent		137	(786)

Thomas Cook Aircraft Engineering Limited

BALANCE SHEET as at 30 September 2008

	Notes	30 September 2008 £000	31 October 2007 (as restated – see note 26) £000
Non-current assets			
Intangible assets	11	**122**	439
Property, plant and equipment	12	**4,678**	3,335
Investment in subsidiary undertakings	13	**1**	1
		4,801	3,775
Current assets			
Trade and other receivables	14	**21,942**	13,719
Deferred tax	17	**219**	-
Cash and cash equivalents		**2,449**	1,468
		24,610	15,187
Total assets		**29,411**	18,962
Current liabilities			
Trade and other payables	15	**(29,144)**	(18,659)
Borrowings	16	**(18)**	(18)
Corporation Tax	15	**(572)**	(370)
Short-term provisions	18	**-**	(75)
Revenue received in advance		**-**	(284)
		(29,734)	(19,406)
Net current liabilities		**(5,124)**	(4,219)
Non-current liabilities			
Borrowings	16	**(29)**	(45)
Total liabilities		**(29,763)**	(19,451)
Net (liabilities)		**(352)**	(489)
Equity			
Called up share capital	19	**1**	1
Retained earnings	20	**(353)**	(490)
Equity attributable to equity holders of the parent		**(352)**	(489)

The financial statements were approved by the board of directors and authorised for issue on 30 July 2009. They were signed on its behalf by:

S Bradley

S Bradley, representing Thomas Cook Group Management Services Ltd
Director

30 July 2009

Thomas Cook Aircraft Engineering Limited

CASH FLOW STATEMENT
Period ended 30 September 2008

	Notes	Period ended 30 September 2008 £000	Year ended 31 October 2007 (as restated – see note 26) £000
Cash flows from operating activities			
Cash generated from operations	21	**3,149**	54
Net cash from operating activities		**3,149**	54
Investing activities			
Interest received		**-**	1
Proceeds on disposal of property, plant and equipment		**22**	6
Purchases of property, plant and equipment		**(2,171)**	(458)
Purchases of intangible assets		**-**	(52)
Acquisition of subsidiary undertakings		**-**	(1)
Net cash used in investing activities		**(2,149)**	(504)
Financing activities			
Interest paid		**(3)**	(1)
Repayments of obligations under finance leases		**(16)**	(7)
Net cash used in financing activities		**(19)**	(8)
Net increase / (decrease) in cash and cash equivalents		**981**	(458)
Cash and cash equivalents at beginning of the year		**1,468**	1,926
Cash and cash equivalents at end of the year		**2,449**	1,468

Thomas Cook Aircraft Engineering Limited

Notes to the financial statements for the period ended 30 September 2008

1. General information

Thomas Cook Aircraft Engineering Limited is a company incorporated in England and Wales under the Companies Act 1985. The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB. The nature of the Company's operations and its principal activities are set out in the Directors' Report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. At 30 September 2008 the Company was a wholly-owned subsidiary company (note 24) and was included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales, which were prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. The company is therefore exempt from the obligation to prepare consolidated financial statements under section 228 of the Companies Act 1985.

At the date of authorisation of these financial statements, the following Standards and Interpretations that are expected to impact on the company but which have not been applied in these financial statements, were in issue but not yet effective.

IAS 1 (Revised) 'Presentation of financial statements', revised version issued in January 2008, effective for annual periods beginning on or after 1 January 2009. This changes the presentation requirements for other comprehensive income and transactions with shareholders, and requires increased disclosures when there is a restatement of comparatives. Adopting this standard will not affect the recognition, measurement or disclosure of any transactions or events.

IAS 23 (Amendment) 'Borrowing costs', revised version issued in March 2007, effective for annual periods beginning on or after 1 January 2009. This eliminates the option of expensing all borrowing costs when they are incurred and is not expected to have a material impact on the Company.

IAS 32 (Amendment) 'Financial instruments: Presentation', issued in February 2008, effective for annual periods beginning on or after 1 January 2009. This clarifies the treatment of puttable financial instruments. The adoption of this amendment is not expected to have a material impact on the company.

IAS 27 (Revised) 'Consolidated and separate financial statements', issued January 2008, effective for annual periods beginning on or after 1 July 2009. This will require a different accounting treatment for minority interest but it is not expected to affect the Company's financial results or position materially.

IFRS 2 (Amendment) 'Share based payments', issued January 2008, effective for annual periods beginning on or after 1 January 2009. This provides a definition of vesting conditions and specifies the accounting treatment for non-vesting conditions. The adoption of this amendment is not expected to have a material impact on the company.

IFRS 3 (Revised) 'Business combinations', issued January 2008, effective for annual periods beginning on or after 1 July 2009. This will significantly change the recognition of goodwill, acquisition costs and contingent consideration relating to acquisitions. The adoption of this amendment is not expected to have a material impact on the company.

IFRS 8 'Operating segments', issued in November 2006, effective for periods beginning on or after 1 January 2009. This may change the way in which we report operating segments. As the company is not quoted, it is not in scope of IFRS 8, and any such changes would be voluntary.

IFRIC 12 'Service concession arrangements', issued in December 2006, effective for annual periods beginning on or after 1 January 2008. The adoption of this amendment is not expected to have a material impact on the company.

Notes to the financial statements for the period ended 30 September 2008 (continued)

1. General information (continued)

IFRIC 13 'Customer loyalty programmes', issued in June 2007, effective for annual periods beginning on or after 1 July 2008. The adoption of this amendment is not expected to have a material impact on the company.

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', issued in July 2007, effective for annual periods beginning on or after 1 Jan 2008. The adoption of this amendment is not expected to have a material impact on the company.

IFRIC 16 'Hedges of a net investment in a foreign operation', issued in July 2007, effective for annual periods beginning on or after 1 October 2008. The adoption of this amendment is not expected to have a material impact on the company.

The company will also perform a detailed review of the annual improvements project published by the International Accounting Standards Board in May 2008.

The directors anticipate the adoption of these standards and interpretations will have no material impact on the financial statements. The directors anticipate that the company will adopt these standards and interpretations on their effective dates.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the periods presented unless otherwise stated.

Adoption of International Financial Reporting and Accounting Standards (IFRS)

The Company has adopted Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 November 2005.

Individual standards and interpretations have to be adopted by the European Union (EU) and the process leads to a delay between the issue and adoption of new standards and interpretations and in some cases amendments by the EU. Where the Company has applied a new standard or interpretation in advance of EU adoption this has been noted below in the relevant policy statement.

Basis of accounting

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to Companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments. The principal accounting policies adopted are set out below. The financial statements are prepared on a going concern basis.

1. **Intangible assets – other**
Intangible assets, other than goodwill, are carried on the Company's balance sheet at cost less accumulated amortisation. Amortisation on the restrictive covenant is charged on a straight-line basis over the asset's useful life of 3 years. Amortisation on the IT user licences are charged on a straight line basis over a period of 4 years in line with group policy.

Notes to the financial statements for the period ended 30 September 2008 (continued)

2 . Significant accounting policies (continued)

2. Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are charged to the income statement as incurred.

Depreciation on property, plant and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

- Freehold Land and Buildings — Period of lease
- Plant and Machinery — 3 to 15 years
- Motor vehicles — 4 years
- Fixtures and Fittings — 5 years

3. Revenue recognition and associated costs

Revenue represents amounts derived from the provision of aircraft maintenance and support services principally to Thomas Cook Airlines Limited during the year. Turnover is recognised during the year when the service is delivered. Other revenue and associated expenses are taken to the income statement as earned or incurred.

4. Income statement presentation

Profit or loss from operations includes the results from operating activities of the Company. Exceptional items are items that are unusual because of their size, nature or incidence and which the Company's management consider should be disclosed separately to enable a full understanding of the Company's results.

5. Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at 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, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods 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.

6. Pensions

Pension costs charged against profits in respect of the Thomas Cook defined contribution scheme represent the amount of the contributions payable to the scheme in respect of the accounting year.

Notes to the financial statements for the period ended 30 September 2008 (continued)

2 . Significant accounting policies (continued)

7. Foreign currency

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the year end are translated at year end exchange rates. The resulting exchange gain or loss is dealt with in the income statement.

8. Leases

Leases under which substantially all of the risk and rewards of ownership are transferred to the Company are finance leases; all other leases are operating leases.

Assets held under finance leases are recognised within property, plant and equipment on the balance sheet and depreciated over the shorter of the lease term or their expected useful lives. The interest element of finance lease payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the year of the lease.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

9. Critical judgments in applying the Company's accounting policies

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

Tangible fixed assets valuation

Judgements have been made in respect of the value and age of individual tools and equipment included in property, plant and equipment. Those judgements determine the amount of depreciation charged in the income statement.

10. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating expenses'. 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 expenses' in the income statement.

11. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

12. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the financial statements for the period ended 30 September 2008 (continued)

2. Significant accounting policies (continued)

13. Share capital

Ordinary shares are classified as equity.

14. Cash and cash equivalents

Cash and cash equivalents 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

15. Provisions

Provisions for restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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 the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

3. Revenue

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

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
UK	**27,973**	16,820
Europe	**3,113**	2,832
Rest of World	**402**	278
	31,488	19,930

Notes to the financial statements for the period ended 30 September 2008 (continued)

4. Operating expenses

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Administrative expenses (including exceptionals)	(1,746)	(1,473)
	(1,746)	(1,473)

5. Exceptional Items

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Exceptional items – cost of sales:		
Restructuring	228	-
	228	-
Exceptional items – operating costs:		
Administrative expenses	234	82
	234	82
Total exceptionals	462	82

Exceptional costs relate to the costs of restructuring following the merger of Thomas Cook AG and MyTravel Group PLC, and consist principally of costs arising from integrating systems and redundancy costs.

6. Finance income

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Bank interest receivable	-	1
	-	1

Notes to the financial statements for the period ended 30 September 2008 (continued)

7. Finance costs

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Finance costs in respect of finance leases	(3)	(1)
	(3)	(1)

8. Profit /(loss) before tax

Profit /(loss) before tax has been arrived at after charging/(crediting):

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Net foreign exchange (gains)/losses	(12)	95
Depreciation of property, plant and equipment – owned assets	812	233
Depreciation of property, plant and equipment – held under finance leases	15	7
Profit on disposal of property, plant and equipment	(22)	3
Amortisation of intangible assets included in operating expenses	317	335
Operating lease rentals payable – other	589	643
Exceptional operating items (see note 5)	462	82
Staff costs (see note 9)	2,366	4,461
Auditors' remuneration for audit services (see below)	-	(50)

Auditors' remuneration in the current year is payable by another group company.

Proceeds of £22,000 were received on the disposal of property, plant and equipment which had already been fully written off in prior years.

9. Staff costs

The average monthly number of employees (including executive directors) was:

	11 months ended 30 September 2008 Number	Year ended 31 October 2007 Number
By activity		
Management and administration	8	13
Engineering	27	75
	35	88

	£000	£000
Their aggregate remuneration comprised:		
Wages and salaries	1,995	3,644
Social security costs	253	581
Other pension costs (see note 23)	118	236
	2,366	4,461

Operational employees are employed by a subsidiary company

10. Tax

Analysis of tax charge /(credit) in the year	11 months ended 30 September 2008 £000	Year ended 31 October 2007 (as restated – see note 26) £000
UK corporation tax charge/(credit) for the period	202	-
UK corporation tax adjustment in respect of prior years	-	370
Total current tax	202	370
Deferred taxation:		
UK – movement in respect of the current period	(66)	
Total Tax charge	136	370

UK Corporation tax is calculated at 28.91% (2007: 30 %) of the estimated assessable profit/(loss) for the period. This is the weighted average tax rate applicable for the period following a reduction in the standard rate of UK Corporation Tax from 30% to 28% effective from 1st April 2008.

10. Tax (continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 (as restated – see note 26) £000
Profit/(loss) before tax	**273**	(416)
Profit/(loss) before tax multiplied by the current tax rate of 28.91% (2007:30%)	**78**	(125)
Tax effects of:		
Adjustments to tax in respect of prior years	**-**	370
Expenses not deductible for tax purposes	**38**	7
Deferred tax effect of change in tax rate	**2**	-
Depreciation not in deferred tax	**18**	-
Deferred tax not recognised	**-**	68
Group relief surrendered for no consideration	**-**	50
Tax charge and effective tax rate for the year	**136**	370

11. Intangible assets

	Restrictive Covenant Purchased £000	Software Licences Purchased £000	Total £000
Cost			
At 1 November 2007	1,000	52	1,052
Additions	-	-	-
At 30 September 2008	**1,000**	**52**	**1,052**
Amortisation			
At 1 November 2007	(611)	(2)	(613)
Charge for the period	(305)	(12)	(317)
At 30 September 2008	**(916)**	**(14)**	**(930)**
Carrying amount			
At 30 September 2008	**84**	**38**	**122**
At 1 November 2007	389	50	439

The Restrictive Covenant is amortised on a straight-line basis over the life of the covenant which is 3 years. Purchased RAL software licences are amortised on a straight-line basis over a period of 4 years.

Notes to the financial statements for the period ended 30 September 2008 (continued)

12. Property, plant and equipment

	Freehold land and buildings £000	Plant & Machinery £000	Motor Vehicles £000	Fixtures & Fittings £000	Total £000
Cost or valuation					
At 1 November 2007	2,267	1,426	67	-	3,760
Additions	-	456	332	1,383	2,171
Disposals	-	-	-	-	-
At 30 September 2008	**2,267**	**1,882**	**399**	**1,383**	**5,931**
Accumulated depreciation and impairment					
At 1 November 2007	(124)	(294)	(7)	-	(425)
Charge for the period	(60)	(417)	(320)	(31)	(828)
Disposals	-	-	-	-	-
At 30 September 2008	**(184)**	**(711)**	**(327)**	**(31)**	**(1,253)**
Carrying amount					
At 31 September 2008	2,083	1,171	72	1,352	4,678
At 1 November 2007	2,143	1,132	60	-	3,335

13. Investments in subsidiary undertakings

Maintenance de Mexico S.A de C.V, a company incorporated in Mexico, whose principal place of business is Aeropuerto Int. de Cancún, Calle de Liga con FBO S/N, C.P. 77500 Q.Roo. México. The investment was made on 13th October 2003 for a total of £234.

The Company holds an investment of US$1 which represents 100% of the issued share capital of Thomas Cook Aircraft Engineering Inc, a company incorporated in the United States of America, whose principal place of business is Sanford Airport, Florida, 32772, USA. The investment was made on 15th October 2003.

The Company also holds an investment of £1,000 which represents 100% of the issued share capital of Thomas Cook Aircraft Engineering Services Limited, a company incorporated in Guernsey, whose registered address is PO box 18, Belmont Court, Kings Road, St. Peter Port, Guernsey, GY1 4AL. The investment was made on 21st September 2006

Notes to the financial statements for the period ended 30 September 2008 (continued)

14. Trade and other receivables

	30 September 2008 £'000	31 October 2007 £'000
Current assets		
Trade receivables	**1,229**	1,049
Less: provision for impairment of trade receivables	**(194)**	(194)
Trade receivables - net	**1,035**	855
Deposits and prepayments	**736**	396
Other receivables	**1,991**	1,389
Amounts owed by group undertakings	**18,180**	11,079
	21,942	13,719

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

As of 30 September 2008, trade receivables of £264,000 (2007 - £536,000) were fully performing. No items that are fully performing have been renegotiated in the last year.

Trade receivables that are less than six months past due are not considered impaired. As of 30 September 2008, trade receivables of £777,000 (2007 - £308,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	30 September 2008 £'000	31 October 2007 £'000
Up to 3 months	**672**	252
3 to 6 months	**105**	56
6 to 12 months	**-**	-
Over 12 months	**-**	-
	777	308

As of 30 September 2008, trade receivables of £194,000 (2007 - £24,000) were impaired and provided for. The amount of the provision was £194,000 as of 30 September 2008 (2007 - £14,000). The individually impaired receivables mainly relate to customers in unexpectedly difficult economic situations or to significantly aged balances. The ageing analysis of these trade receivables is as follows:

	30 September 2008 £'000	31 October 2007 £'000
Up to 3 months	**152**	-
3 to 6 months	**-**	-
6 to 12 months	**39**	21
Over 12 months	**3**	3
	194	24

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

Notes to the financial statements for the period ended 30 September 2008 (continued)

14. Trade and other receivables (continued)

Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables, and amounts owed by other group companies

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

15. Trade and other payables

	30 September 2008 £000	31 October 2007 (as restated) £000
Current liabilities		
Trade payables	**(892)**	(280)
Corporation Tax Payable	**(572)**	(370)
Accruals and deferred income	**(1,240)**	(1,203)
Amounts due to Group undertakings	**(27,012)**	(17,176)
	(29,716)	(19,029)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 38 days.

The directors consider that the carrying amount of trade payables approximates to their fair value.

16. Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
	2008 £	2007 £	2008 £	2007 £
Amounts payable under finance leases:				
Within one year	**21**	21	**18**	18
In the second year	**31**	21	**29**	18
In the third year	**-**	30	**-**	27
	52	72	**47**	63
Less: future finance charges	**(5)**	(9)	**-**	-
Present value of lease obligations	**47**	63	**47**	63
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(18)**	(18)
Amount due for settlement after 12 months			**29**	45

The company has acquired 8 vehicles on finance term leases. The lease term for each vehicle is 3 years. For the year ended 30 September 2008, the effective borrowing rate over the life of the finance lease was 14.5%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling.

The fair value of the company's lease obligations approximates their carrying amount.

The company's obligations under finance leases are secured by the lessors' rights over the leased assets.

17. Deferred tax

	30 September 2008 £000
At 31 October 2007	-
Amounts credited to the income statement	**66**
Acquired on acquisition of fellow subsidiaries trade	**153**
At 30 September 2008	**219**

No deferred tax assets have been offset against deferred tax liabilities.

At the balance sheet date, the Company Had short term timing differences of £1,078,000 (2007 as restated: £370,000) available for offset against future profits. No deferred tax asset has been recognised in respect of short term timing differences due to the unpredictability of future profit streams.

Notes to the financial statements for the period ended 30 September 2008 (continued)

18. Provisions

	Total £ 000
At 1 November 2007	75
Utilisation of provisons	(57)
Unused amounts released in the period	(18)
At 30 September 2008	-

19. Called-up share capital

	30 September 2008 £	31 October 2007 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	1,000	1,000
Issued and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
	1,000	1,000

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

20. Retained earnings

	Period ended 30 September 2008 £'000	Year ended 31 October 2007 (as restated) £'000
Balance at 31 October 2007 (as restated)	(490)	296
Net profit / (loss) for the period	137	(711)
Prior year adjustment (see note 26)		(75)
Balance at 30 September 2008	(353)	(490)

Notes to the financial statements for the period ended 30 September 2008 (continued)

21. Notes to the cash flow statement

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 (as restated) £000
Operating profit/(loss) from continuing operations	**276**	(416)
Adjustments for:		
Depreciation of property, plant and equipment	**828**	240
(Profit)/loss on disposal of property, plant and equipment	**(22)**	3
Amortisation of intangible assets	**317**	335
(Decrease)/increase in provisions	**(75)**	75
Other non cash items	**(153)**	-
Operating cash inflow before movements in working capital	**1,171**	237
Increase in receivables	**(1,122)**	(814)
Increase / (Decrease) in payables	**365**	(1,256)
Net movement in amounts owed to/from group companies	**2,735**	1,887
Cash generated from operations	**3,149**	54
Net cash from operating activities	**3,149**	54

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

22. Operating lease arrangements

The company as lessee

	11 months ended 30 September 2008 £000	Year ended 31 October 2007 £000
Minimum lease payments under operating leases recognised in the income statement for the period	**589**	643

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

Notes to the financial statements for the period ended 30 September 2008 (continued)

22. Operating lease arrangements (continued)

	30 September 2008 £000	31 October 2007 £000
Within one year	643	643
In the second to fifth years inclusive	2,572	2,572
After five years	16,879	17,468
	20,094	20,683

Operating lease payments represent rentals payable by the Company for Hangar 1 and associated annexes. The lease has been negotiated for a term of 34 years and is due for renewal in December 2039.

23. Retirement benefit schemes

Defined contribution schemes

The Thomas Cook Group operates a defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees. The total cost charged to the income statement of £118,000 (2007: 236,000) represents contributions payable to this scheme by the Company at rates specified in the rules of the plans. As at 30 September 2008, contributions of £nil (2007: £nil) due in respect of the current reporting year had not been paid over to the schemes.

24. Ultimate controlling party

At 30 September 2008 the company was a wholly-owned subsidiary of Thomas Cook Group plc, a company which is registered in England and Wales. Arcandor AG, incorporated in Germany, is regarded by the directors as the Company's ultimate parent undertaking and ultimate controlling party. The smallest group in which the results of the company were consolidated was that headed by Thomas Cook Group plc. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at The Thomas Cook Business Park, Coningsby Road, Peterborough PE3 8SB

Notes to the financial statements for the period ended 30 September 2008 (continued)

25. Related party transactions

Transactions between the Company and other members of the Thomas Cook Group are disclosed below.

Trading transactions and balances	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 restated £'000
Parent Company	**25,875**	11,317	**890**	1,644	**13,466**	1,786	**3,142**	4,402
Other Group Companies	**1,448**	14,596	**731**	1,296	**4,714**	9,293	**23,870**	12,774
Total	**27,323**	25,913	**1,621**	2,940	**18,180**	11,079	**27,012**	17,176

Sales of goods to related parties were made at an agreed price set out at the beginning of each season. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

During the period ended 30 September 2008, the directors received remuneration for their services, to this and other companies, from the parent company Thomas Cook Airlines Limited. Thomas Cook Airlines Limited do not apply a management charge to recover the cost of F Pullman, L Mollan, C Hearnshaw and G McMahon.

26. Prior period adjustment

A prior period adjustment has been made for a charge made by a group company which was not accrued for. The impact on retained earnings at 31 October 2007 and the income statement for the year ended 31 October 2007 is a decrease of £75,000. The impact of the prior year adjustment on the balance sheet at 31 October 2007 is an increase in trade and other payables of £75,000.