

TUI Travel Aviation Finance Limited
Reports of the Directors and financial statements
for the year ended 30 September 2013
Company number 6986537

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The Directors submit their reports and the audited financial statements of TUI Travel Aviation Finance Limited ("the Company") for the year ended 30 September 2013

STRATEGIC REPORT

The Company acts as an intermediary, leasing aircraft from external parties and sub-leasing them to subsidiaries of the TUI Travel PLC group of companies ("the Group")

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2013 amounted to \$1,740,000 (2012 profit \$1,155,000). There were no dividends paid during the year (2012 \$nil) and the Directors do not recommend the payment of a final dividend.

The Company earned a marginal profit on sub-leasing aircraft to other Group subsidiaries in the year. However, the overall result was adversely impacted by a \$3.2m loss on the delivery and subsequent sale and operating lease back of an order-book aircraft and this caused the overall loss before tax in the current year.

By the end of the financial year, the Company had leased 72 aircraft (2012 64 aircraft) from external parties, which it had sub-leased to fellow subsidiaries in the Group. The Company also owns 1 aircraft (2012 no owned aircraft) that it has leased to a fellow subsidiary in the Group. The Company continued to lease and sub-lease further aircraft after the year end.

As the Directors manage the Company in co-ordination with the TUI Travel PLC Mainstream Sector businesses, the development, performance and positioning of the Company is considered to be more appropriate at a Group level. A fair review of the Group is discussed in the Business and Financial Review section on pages 54 – 56 of the TUI Travel PLC annual report and accounts, which does not form part of this report but is available from the address in Note 18.

During the year there has been a significant increase in tangible fixed assets and total assets of the Company and also of creditors, especially those falling due in more than one year. This is due to the acquisition of one aircraft financed with a loan and four aircraft financed with finance leases.

On 23 September 2013, 2,187,500 shares of £1 each were issued at par value for cash. The share capital increase has been translated at the US\$ rate of 1.6058 prevailing at the date of issue.

Key performance indicators

As the Directors manage the Company in co-ordination with the management of the Group's businesses, they take the view that analysis using financial and non-financial key performance indicators ("KPIs") for the Company alone is not necessary or appropriate for an understanding of the development, performance and positioning of its business.

The KPIs of the Mainstream Sector, which includes the Company, are on pages 38 - 41 in the KPI section of the Strategic Report and on pages 59-60 of the Business and Financial Review, both within the TUI Travel PLC annual report and accounts. Details of where these accounts can be obtained are included in Note 18.

Principal risks and uncertainties

The principal risks and uncertainties which are directly or indirectly common to the Group and the Company are

- **Consumer preferences and desires** Price, product and digital solutions play a key part in the consumer's decision-making process. Consumers are increasingly turning online to research and book holidays and are moving towards booking nearer the time of travel. A risk exists that we do not identify or respond quickly enough to changes in consumer preferences and do not keep up with the latest technological developments. The impact of this risk is that our market position comes under pressure resulting in lower growth rates and margins.
- **Business improvement opportunities** The Group is heavily reliant on legacy systems, processes and structures which in some cases are outdated, complex and inefficient. If we do not address the systems' inefficiencies we may incur higher costs due to inefficiencies and impact our ability to optimise business performance and provide a value added service to our consumers.

STRATEGIC REPORT (continued)

- **Global financial factors** The cross-border nature of trading exposes our business to fluctuations in exchange rates and complex tax laws. Pressure in the travel and tourism and banking sectors is set to continue due to inherent risks within travel and tourism and the Eurozone debt crisis. If we do not manage adequately the volatility of exchange rates or other rising input costs such as hotel costs we may suffer increased costs which may reduce demand resulting in lower revenue and/or margins. Further, there is always the risk that tax authorities may take a more strident approach in order to fund local fiscal deficits.
- **Consumer demand** Spending on travel and tourism is discretionary and price sensitive. The economic outlook remains uncertain with different source markets at different points in the recovery cycle. Consumers are also waiting longer to book their trips in order to assess their financial situation. If we do not respond successfully to changes in consumer demands and preferences, our revenues and/or our margins will fall.
- **Talent management** The Group's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and the trust of our employees, then we risk not maximising our operating results and financial performance.
- **Political volatility, natural catastrophes and outbreaks** The provision of the Group's holidays and travel services is exposed to the inherent risk of domestic and/or international incidents affecting some of the countries/destinations within our operations. During the year, we have faced disruption in both Turkey and Egypt. Failure to respond efficiently and effectively to large scale events will lead to significant operational disruption leading to reduced profits/larger losses caused by holiday cancellations and/or repatriation of customers and a general decline in consumer demand.
- **Regulatory environment** The Group operates in a highly-regulated environment, particularly in relation to consumer protection, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.

During the year, the Directors managed these risks and uncertainties in co-ordination with fellow subsidiaries in the Group. Further information on these risks, together with how they are mitigated, can be found on pages 45 – 51 of the TUI Travel PLC annual report and accounts.

Environmental matters

Environmental matters are managed and coordinated across the Group as a whole and details of the Group's environmental issues and strategies are provided in the Sustainable Development section of the TUI Travel PLC annual report and accounts on pages 26 – 33.

On behalf of the Board



R S Wheatley
Director

Dated 21 March 2014

Company number 6986537

DIRECTORS' REPORT

Directors

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

T E Chandler

R S Wheatley

J Walter (appointed 27 February 2014)

A L John also served as a Director during the year and resigned on 20 January 2014

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 Companies Act 2006 definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's 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.

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.

Funding and liquidity

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.

Statement of Directors' responsibilities

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

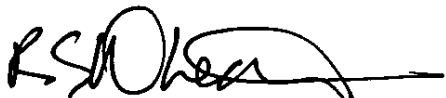
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the Directors must 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 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.

DIRECTORS' REPORT (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 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R S Wheatley', with a long horizontal flourish extending to the right.

R S Wheatley
Director

Dated 21 March 2014

Company number 6986537

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by TUI Travel Aviation Finance Limited, comprise

- the Balance Sheet as at 30 September 2013,
- the Profit and Loss Account for the year then ended, and
- the notes to the financial statements, which include 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 (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Reports of the Directors and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

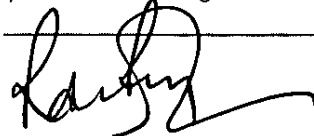
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 4, 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 ISAs (UK & 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



Roger de Peyrecave (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
24 March 2014

TUI Travel Aviation Finance Limited
Profit and Loss for the year ended 30 September 2013

	Note	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
Turnover		366,577	344,424
Cost of sales		<u>(346,034)</u>	<u>(335,825)</u>
Gross profit		20,543	8,599
Administrative expenses		<u>(2,107)</u>	<u>(1,585)</u>
Operating profit		18,436	7,014
Loss on disposal of tangible fixed assets		(3,231)	-
Interest receivable and similar items		4	123
Interest payable and similar charges	5	<u>(16,949)</u>	<u>(5,982)</u>
(Loss)/Profit on ordinary activities before taxation	2	(1,740)	1,155
Tax on (loss)/profit on ordinary activities	6	<u>1,373</u>	<u>(321)</u>
(Loss)/Profit for the year	15	<u>(367)</u>	<u>834</u>

The results stated above are all derived from continuing operations

A note on historical cost profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

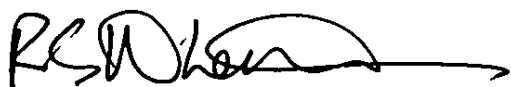
The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

TUI Travel Aviation Finance Limited
Balance sheet as at 30 September 2013

	Note	30 September 2013 \$'000	30 September 2012 \$'000
Fixed Assets			
Tangible Fixed Assets	7	<u>424,911</u>	<u>203,197</u>
		424,911	203,197
Current assets			
Debtors	8	311,136	228,369
Cash at bank and in hand		<u>6,143</u>	<u>6,277</u>
		317,279	234,646
Creditors, amounts falling due within one year	9	<u>(146,160)</u>	<u>(99,665)</u>
Net current assets		<u>171,119</u>	<u>134,981</u>
Total assets less current liabilities		596,030	338,178
Creditors amounts falling due after more than one year	10	(345,571)	(124,133)
Provisions for liabilities and charges	12	(245,569)	(212,301)
Net assets		<u><u>4,890</u></u>	<u><u>1,744</u></u>
Capital and reserves			
Called up share capital	14	3,513	-
Profit and loss account	15	<u>1,377</u>	<u>1,744</u>
Total shareholders' funds	16	<u><u>4,890</u></u>	<u><u>1,744</u></u>

The notes on pages 8 to 17 form part of the financial statements

The financial statements were approved by the Board of Directors on 21 March 2014 and signed on its behalf by



R S Wheatley
Director

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Under Financial Reporting Standard (FRS) 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The functional currency of the Company is considered to be US dollars, based on the economic operating environment of the Company. The closing rate for the US dollar was £1 \$1.6153 (2012 £1 \$1.6202).

Related party transactions

As the Company is a wholly-owned subsidiary of TUI Travel PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly-owned entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of TUI Travel PLC, within which this Company is included, can be obtained from the address given in Note 18.

Taxation

Taxation comprises current and deferred tax. Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable in respect of previous periods, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contractual rate if applicable. Any exchange differences arising are taken to the profit and loss account.

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies. The gains and losses arising on settlement of these contracts are recognised in the profit and loss account at the date of settlement. The entity is exempt from the disclosure requirements of FRS 25 as it is consolidated in the publicly available consolidated financial statements of TUI Travel PLC.

1. Accounting policies (continued)

Turnover and cost of sales including operating lease income and expense

The Company has one class of business, as a lessor of aircraft to fellow Group subsidiaries. The aircraft are leased from companies outside the Group. Turnover represents the aggregate amount of revenue receivable from sub-leasing aircraft to fellow Group subsidiaries in the ordinary course of business, together with the recharge of maintenance provision costs to those fellow Group subsidiaries for which the Company is contractually liable. Turnover is stated net of discounts and value added tax. Revenue is recognised on an accruals basis over the period of the lease.

Cost of sales represents the amounts payable to external leasing companies for rentals under operating leases, together with the maintenance provision charges for which the Company is contractually liable and depreciation on its aircraft held on finance lease.

Dividends

Dividends are recognised in the accounts when they become a legal obligation of the Company. For final dividends, this will be when they are approved by the company. For interim dividends, this will be when they have been paid.

Finance Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded on the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Interest expense

Interest expenses comprise interest on borrowings and overdrafts. All borrowing costs are recognised in the profit and loss account using the effective interest rate method.

Provisions

Provision is made for major overhauls of leased aircraft as a consequence of the legal obligation arising under the terms of the leases. A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow of economic benefits can be reliably established. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of discounted values is charged to the profit and loss account as a financial expense.

1. Accounting policies (continued)**Tangible Assets**

Tangible assets are stated at cost less accumulated depreciation and impairment losses

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. The Company has capitalised borrowing costs with respect to pre-delivery payments relating to aircraft.

Where significant parts of an item within tangible assets have different useful lives, they are accounted for as separate items within tangible assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful life of each part of an item of tangible assets. Aircraft under finance lease are depreciated over a period of up to 18 years with the cost of major overhauls of airframes and engines capitalised and depreciated over the period to the next major overhaul. Assets in the course of construction and aircraft pre-delivery payments are not depreciated.

The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

2. (Loss)/Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting)

	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
Exchange gains	(706)	(226)
Depreciation – leased aircraft	18,345	5,422
Depreciation – owned aircraft	5,920	-
Operating leases – aircraft rentals	<u>255,776</u>	<u>225,492</u>
	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
Fees for the audit of the Company	<u>30</u>	<u>30</u>

3. Employee numbers and costs

The Company did not have any employees during the current or prior year

4. Directors' remuneration

The remuneration of the Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company. The Directors are also Directors of a number of companies within the Group, and it is therefore not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies of which they are Directors.

5. Interest payable and similar charges

	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
Unwind of discount (Note 12)	3,028	2,791
Interest payable on bank loans	2,399	-
Interest payable on loans to Group Entities	2,021	-
Finance Lease Interest	9,501	3,191
	<u>16,949</u>	<u>5,982</u>

6. Tax on (loss)/profit on ordinary activities

	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
(i) Analysis of tax (credit) /charge in the year		
Current tax		
Amount (receivable from)/payable to fellow subsidiaries for group relief	(6,817)	830
Adjustment in respect of previous periods	(295)	-
Total current tax	<u>(7,112)</u>	<u>830</u>
Deferred tax		
Origination and reversal of timing differences		
- Current year	6,409	(541)
- Effect of changes in tax rates	(941)	32
- Adjustment in respect of previous periods	271	-
Total deferred tax (note 12)	<u>5,739</u>	<u>(509)</u>
Tax (credit)/charge on (loss)/profit on ordinary activities	<u>(1,373)</u>	<u>321</u>

6. Tax on (loss)/ profit on ordinary activities (continued)**(ii) Factors affecting the current tax (credit)/charge for the year**

The current tax credit (2012 charge) for the year is higher than (2012 higher than) the standard rate of corporation tax in the UK of 23.5% (2012 25%). The differences are shown below

	Year ended 30 September 2013 \$'000	Year ended 30 September 2012 \$'000
(Loss)/Profit on ordinary activities before taxation	<u>(1,740)</u>	<u>1,155</u>
(Loss)/Profit on ordinary activities at the standard rate of UK corporation tax of 23.5% (2012 25%)	(409)	289
Effect of		
- Depreciation for the year in excess of capital allowances	(6,408)	541
- Adjustment in respect of previous periods	<u>(295)</u>	<u>-</u>
Current tax (credit)/charge for the year	<u>(7,112)</u>	<u>830</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

At the balance sheet date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 21% with effect from 1 April 2014 and 20% from 1 April 2015. Therefore, at 30 September 2013, deferred tax assets and liabilities have been calculated based on a rate of 20% where the temporary difference is expected to reverse after 1 April 2015. These reductions may also reduce the Company's future current tax charges accordingly.

7 Tangible Assets

	Aircraft	Aircraft pre- delivery payments	Assets in the course of construction	Total
Cost.	\$000	\$000	\$000	\$000
At 1 October 2012	129,000	75,592	4,027	208,619
Additions	234,066	51,909	3,870	289,845
Reclassifications	42,854	(42,854)	-	-
Disposals	-	(35,969)	(7,897)	(43,866)
At 30 September 2013	405,920	48,678	-	454,598
Accumulated Depreciation:				
At 1 October 2012	(5,422)	-	-	(5,422)
Charge for the year	(24,265)	-	-	(24,265)
At 30 September 2013	(29,687)	-	-	(29,687)
Net Book Value				
30 September 2013	376,233	48,678	-	424,911
30 September 2012	123,578	75,592	4,027	203,197

Interest of \$872,000 (2012 \$3,257,000) has been capitalised in the year in relation to the aircraft pre-delivery payments at a rate of 5.4% (2012 5.4%). The net book value of assets held under finance lease (within aircraft) at 30 September 2013 was \$276,232,000 (2012 \$123,578,000) which is net of accumulated depreciation of \$23,768,000 (2012 \$5,422,000).

8. Debtors

	30 September 2013 \$'000	30 September 2012 \$'000
Amounts owed by Group undertakings	287,401	211,635
Amounts owed by ultimate parent undertaking	-	1,906
Other debtors	1,919	1,100
Prepayments and accrued income	15,710	13,355
Group relief receivable from Group undertakings	6,106	-
Deferred tax asset (Note 12)	-	373
	311,136	228,369

Amounts owed by Group undertakings are unsecured, bear no interest and have no fixed date of repayment

9. Creditors amounts falling due within one year

	30 September 2013 \$'000	30 September 2012 \$'000
Secured Bank Loans (Note 11)	4,781	-
Trade creditors	978	949
Amounts owed to Group undertakings	110,033	80,184
Group relief payable to Group undertakings	-	1,016
Finance lease creditor (Note 11)	11,470	6,006
Accruals and deferred income	18,898	11,510
	146,160	99,665

Amounts owed to Group undertakings are unsecured and have no fixed date of repayment. Balances with dormant companies and trading balances are interest free while all other balances bear interest at the six month LIBOR rate plus a margin of 5% per annum.

10. Creditors amounts falling due after more than one year

	30 September 2013 \$'000	30 September 2012 \$'000
Secured Bank Loans (Note 11)	65,246	-
Deferred income	2,969	2,532
Finance lease creditor (Note 11)	277,356	121,601
	345,571	124,133

11. Loans and other borrowings

	30 September 2013 \$'000	30 September 2012 \$'000
Secured Bank Loans	70,027	-
Finance Lease Creditor	288,826	127,607
	358,853	127,607

The bank loan is secured on an owned aircraft and bears interest at the 3 month US Dollar LIBOR rate plus 3.325%.

Maturity of financial liabilities

In one year or less or on demand	16,251	6,006
In more than one year, but not more than two years	17,080	6,542
In more than two years, but not more than five years	56,625	21,841
In more than five years	268,897	93,218
	358,853	127,607

11. Loans and other borrowings (continued)

	30 September 2013 \$'000	30 September 2012 \$'000
Maturity of finance lease debt.		
Within one year	11,470	6,006
In more than one year but not more than five years	52,060	28,383
After five years	225,296	93,218
	288,826	127,607

12. Provisions for liabilities

	Deferred tax \$'000	Aircraft maintenance \$'000	Total \$'000
At 1 October 2012	-	212,301	212,301
Opening deferred tax asset (Note 8)	(373)	-	(373)
Charged to the profit and loss account	5,739	79,190	84,929
Released in the year	-	(6,684)	(6,684)
Unwinding of discounted amount (Note 5)	-	3,028	3,028
Utilised	-	(47,632)	(47,632)
At 30 September 2013	5,366	240,203	245,569

The aircraft maintenance provision represents the expected cost of maintaining the operating leased aircraft and spares. All of the provision amounts are contractually guaranteed by, and receivable from, the sub-lessee. As such, an amount receivable from the sub-lessee is recognised of the same amount as the provision.

The elements of deferred taxation are as follows:

	30 September 2013 \$'000	30 September 2012 \$'000
Accelerated capital allowances	5,366	(373)
Net deferred tax liability/(asset)	5,366	(373)

There are no unprovided deferred tax liabilities nor unrecognised deferred tax assets or at either 30 September 2013 or 30 September 2012.

13. Lease commitments

Annual commitments under non-cancellable operating leases whose leases expire in the following periods are as follows:

	30 September 2013 \$'000	30 September 2012 \$'000
Other equipment - aircraft		
Within one year	13,362	13,869
In the second to fifth years inclusive	45,171	74,354
Over five years	212,689	130,949
	271,222	219,172

14. Called up share capital

	30 September 2013 \$	30 September 2012 \$
Issued and fully paid		
2,187,501 (2012: 1) ordinary shares of £1 each	<u>3,512,805</u>	<u>2</u>

The initial share capital has been translated at the US\$ rate of 1.646 prevailing at the date of issue, 10 August 2009

On 23 September 2013, 2,187,500 shares of £1 each were issued at par value for cash. The share capital increase has been translated at the US\$ rate of 1.6058 prevailing at the date of issue.

15. Profit and loss account

	\$'000
1 October 2012	1,744
Loss for the financial year	(367)
At 30 September 2013	<u>1,377</u>

16. Reconciliation of movements in shareholders' funds

	30 September 2013 \$'000	30 September 2012 \$'000
Opening shareholders' funds	1,744	910
(Loss)/profit for the financial year	(367)	834
Net proceeds of issue of ordinary share capital (Note 14)	3,513	-
Closing shareholders' funds	<u>4,890</u>	<u>1,744</u>

All shareholders' funds relate to equity interests.

17. Financial commitments

At the balance sheet date, the Company had contracted to purchase 60 aircraft with initial deliveries to start in the second quarter of the financial year 2017/18. At list price, the total order value was \$7,339m before discounts. The Company intends to finance these aircraft in advance of their delivery dates and therefore does not expect to use its own cash resources for their purchase.

At the balance sheet date, the Company acted as a borrower under the Group's bank revolving syndicated credit facilities totalling £1,120m (2012: £970m) plus bonding and letter of credit facilities totalling £185m (2012: £185m) which all mature in June 2015.

At the balance sheet date, the Company had entered into forward currency contracts to buy amounts totalling \$11.9m (2012: \$83.2m) by selling a total of €8.7m (2012: €61.7m) between 1 October 2013 and 27 June 2014 (2012: between 1 October 2012 and 27 June 2014) with a fair value gain of \$0.1m (2012: \$3.3m), and selling amounts totalling \$7.1m (2012: \$48.8m) by buying a total of \$5.7m (2012: €37.3m) between 1 October 2012 and 27 June 2014 (2012: between 1 October 2012 and 27 June 2014) with a fair value gain of \$0.6m (2012: fair value loss of \$0.5m). All these contracts are with another Group undertaking, First Choice Holidays Finance Limited.

18. 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 parent company is TUI Travel Holdings 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 TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website www.tuitravelplc.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.