

**Thomas Cook Group Hedging Limited**  
**Annual report and financial statements**  
**for the 25 weeks ended 30 September 2012**

Registered number 8024061

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# Thomas Cook Group Hedging Limited

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# **Thomas Cook Group Hedging Limited**

## **Directors' Report**

The directors present their Annual Report on the affairs of Thomas Cook Group Hedging Limited, together with the financial statements and auditors' report, for the 25 weeks ended 30 September 2012. The Company was incorporated on 10 April 2012.

### **Business review & principal activities**

Thomas Cook Group Hedging Limited is a wholly owned subsidiary of Thomas Cook Group plc ('TCG plc' or 'the Group').

The principal activities of the company comprise management of the interest rate, fuel and currency exposure of the Thomas Cook Group.

Due to the activity of the business no sales are generated by Thomas Cook Group Hedging Limited. There is no overall result in Thomas Cook Group Hedging Limited as any hedging activity undertaken on behalf of the Group has back to back deals with Thomas Cook Group Treasury Limited.

The balance sheet is largely made up of inter company loan balances, cash and the fair value of derivatives. The position of these balances is influenced by the requirements of fellow subsidiaries and external markets.

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 Corporate 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**

All external derivative transactions entered into by Thomas Cook Group Hedging Limited have an equal and opposite back to back transaction with Thomas Cook Group Treasury Limited. Accordingly Thomas Cook Group Hedging Limited does not have any interest rate, currency or fuel exposures.

#### *Operational risks*

Operational risks, which are inherent in all business activities, include those which mainly result from a potential breakdown in the Company's control of its human, physical and operating resources. The potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems, and poor product design or delivery all fall within this category.

Group risks are discussed in the Group's Annual Report which does not form part of this Report. A copy of the Group's Annual Report can be viewed on [www.thomascookgroup.com](http://www.thomascookgroup.com).

### **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.

# **Thomas Cook Group Hedging Limited**

## **Directors' Report (continued)**

### **Registered office**

The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB

### **Supplier payment policy**

It is the Company's policy to comply with the terms of payment agreed with suppliers. Where payment terms are not negotiated, the Company endeavours to adhere to suppliers' standard terms

### **Dividends**

The directors do not recommend the payment of a dividend in respect of the period

### **Directors**

The directors of the company who were in office during the period and up to the date of signing the financial statements, were as follows

Thomas Cook Group Management Services Limited (appointed 10 April 2012)

Mr J O'Neill (appointed 5 October 2012)

Ms M L MacMahon (appointed 10 April 2012, resigned 24 January 2013 )

Mr N D Feaviour (appointed 10 April 2012, resigned 5 October 2012)

Mr D Taylor (appointed 12 February 2013, resigned 21 February 2013)

### **Company Secretary**

Ms S Bradley (appointed 10 April 2012)

### **Directors' indemnities**

In accordance with its Articles, the Company has granted a qualifying third party indemnity, to the extent permitted by law, to each Director. The Company also maintains Directors' and Officers' liability insurance

# **Thomas Cook Group Hedging Limited**

## **Directors' report (continued)**

### **Independent auditors**

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### **Going concern**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The directors have received confirmation that Thomas Cook Group plc intend to support the company for at least one year after these financial statements are signed

# Thomas Cook Group Hedging Limited

## 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



J O'Neill

Director

27 February 2013

Registered Office  
The Thomas Cook Business Park  
Coningsby Road  
Peterborough, PE3 8SB

## **Thomas Cook Group Hedging Limited**

### **Independent auditors' report to the members of Thomas Cook Group Hedging Limited**

We have audited the financial statements of Thomas Cook Group Hedging Limited for the period ended 30 September 2012 which comprise the Income statement, Balance sheet, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities, set out on page 5, 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.

#### **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 results for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

## **Thomas Cook Group Hedging Limited**

### **Independent auditors' report to the members of Thomas Cook Group Hedging Limited (continued)**

#### **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



John Ellis (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 February 2013



# Thomas Cook Group Hedging Limited

## Income statement

For the period ended 30 September 2012

	Note	Period ended 30 September 2012 £000
Operating income		-
Operating expense		-
		<hr/>
<b>Result from operations</b>		-
Finance income		-
Finance costs		-
		<hr/>
<b>Result before tax</b>		-
Tax		-
		<hr/>
<b>Result for the period</b>		-
		<hr/> <hr/>
Attributable to Equity shareholders		-
		<hr/> <hr/>

All revenues and results arose from continuing operations

There is no other comprehensive income for the period

# Thomas Cook Group Hedging Limited

## Balance sheet

At 30 September 2012

	Notes	2012 £000
<b>Non-current assets</b>		
Investment in subsidiaries	3	990,998
Derivative financial instruments	4	95
		<u>991,093</u>
<b>Current assets</b>		
Derivative financial instruments	4	45,425
		<u>45,425</u>
<b>Total assets</b>		<u>1,036,518</u>
<b>Current liabilities</b>		
Derivative financial instruments	4	(45,425)
		<u>(45,425)</u>
<b>Non-current liabilities</b>		
Derivative financial instruments	4	(95)
		<u>(95)</u>
<b>Total liabilities</b>		<u>(45,520)</u>
<b>Net assets</b>		<u>990,998</u>
Called up share capital	6	-
Other reserves		990,998
		<u>990,998</u>
<b>Equity attributable to equity shareholders</b>		<u>990,998</u>

The financial statements, on pages 8 to 15, were approved by the board of directors and authorised for issue on 27 February 2013. They were signed on its behalf by



J O'Neill  
Director

27 February 2013

## **Thomas Cook Group Hedging Limited**

### **Statement of changes in equity**

**For the period ended 30 September 2012**

	<b>Share capital £000</b>	<b>Other reserves £000</b>	<b>Total £000</b>
Balance at 10 April 2012	-	-	-
Acquisition of Parkway S A	-	990,998	990,998
Balance at 30 September 2012	-	990,998	990,998

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the 25 weeks ended 30 September 2012

#### 1. General information

Thomas Cook Group Hedging Limited is a company incorporated on 10 April 2012 in England and Wales under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Directors' report. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies.

In the current period, the following amended standard has been adopted and has affected the disclosure and presentation of these financial statements:

- IAS 24 (Amendment) '*Related parties*' is effective for annual reporting periods commencing on or after 1 January 2011. The amendment clarifies the definition of related parties.

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

- IFRS 9 (New) '*Financial instruments*' is effective for annual reporting periods commencing on or after 1 January 2015. The standard will eventually replace IAS39 but currently only details the recognition and measurement of financial assets.
- IFRS 13 (Amendment) '*Fair value measurement*' is effective for annual periods beginning on or after 1 January 2013. The standard applies to IFRs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.

#### 2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below:

##### Basis of accounting

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union.

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:

##### Investments

Investment in subsidiary undertaking is shown at net asset value based on date of acquisition.

##### Derivative financial instruments

Derivatives are recognised at their fair value with changes in fair value recognised in the income statement, as the Company does not seek to achieve hedge accounting.

##### Cash flow statement

The Company has no cash flows in the period, its cash flow obligations were settled by a fellow group undertaking. Accordingly, no separate cash flow statement has been presented with these financial statements.

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the 25 weeks ended 30 September 2012

#### 2. Significant accounting policies continued

##### Consolidated accounts

The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in Great Britain, which have been 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 in accordance with section 400 of the Companies Act 2006.

##### Administrative expenses

Audit fees of £500 were borne by Thomas Cook Group plc (see note 9) during the period for the audit of the statutory financial statements, with no recharge made to the Company. No other fees were incurred by the Company in respect of non-audit related services. The Company has no employees. The emoluments of the Company's directors were borne by Thomas Cook Group plc in the period as the directors spend the majority of their time on other group companies.

#### 3. Investments in subsidiaries

	2012 £000
<b>Cost</b>	
At 10 April 2012	-
Adjustment on acquisition	990,998
	<hr/>
At 30 September 2012	990,998
	<hr/>

On 12 April 2012, Thomas Cook Group Hedging Limited acquired 8,273,449 number of shares with a nominal value of €100 EUR each within Parkway S.A. for a consideration of 98 £1 shares. The net asset value of Parkway S.A. at acquisition date is approx €1.2bn EUR, hence the investment has been valued at the spot rate of £/EUR€1 2109 on date of acquisition, being £990,998,431.

#### 4. Derivative financial instruments

##### Currency derivatives

The Company utilises currency derivatives to hedge significant future transactions and cash flows on behalf of Group Companies. The Company is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets. The contracts are between the Company and external counterparties and the Company and internal counterparties.

The Company's currency derivatives are recorded at their fair value at the balance sheet date.

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the 25 weeks ended 30 September 2012

#### 4. Derivative financial instruments continued

##### Fuel derivatives

The Company is party to a variety of fuel forward contracts and options in the management of its jet fuel exposures. The instruments purchased were denominated in US dollars and Euro. The contracts were between the Company and the external counterparties and fellow Group subsidiaries.

These arrangements were designed to address significant exchange and fuel cost exposures.

The Company's fuel derivatives were recorded at their fair value at the balance sheet date.

	<b>2012</b>
	<b>£000</b>
<b>Non-current assets</b>	
Foreign currency derivatives	95
Fuel derivatives	-
	<u>95</u>
<b>Current assets</b>	
Foreign currency derivatives	40,091
Fuel derivatives	5,334
	<u>45,425</u>
<b>Non-current liabilities</b>	
Foreign currency derivatives	(95)
Fuel derivatives	-
	<u>(95)</u>
<b>Current liabilities</b>	
Foreign currency derivatives	(40,091)
Fuel derivatives	(5,334)
	<u>(45,425)</u>

On 25 July 2012 foreign exchange derivative financial instruments that were transacted after 22 November 2011 with Unicredit and RBS were novated from Thomas Cook Group Treasury Limited to Thomas Cook Group Hedging Limited. The foreign exchange derivative financial instruments novated had a fair value of asset £24.7m and liability £21.8m as at 25 July 2012. At the same time, foreign exchange derivative financial instruments were entered into with Thomas Cook Group Treasury Limited which exactly offset the novated deals with Unicredit and RBS. As a result there was no net impact on the Income Statement of Thomas Cook Group Hedging Limited.

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the 25 weeks ended 30 September 2012

#### 5. Liquidity Risk

The maturity of contracted cash flows on the Company's trade and other payable, borrowings and all of its derivative financial instruments are as follows

	2012 £000		
	Not later than 1 year	Between 1 and 5 years	Total
Derivative financial instruments - payable	2,573,757	16,994	2,590,751
- receivable	(2,568,423)	(16,994)	(2,585,417)
	<u>5,334</u>	<u>-</u>	<u>5,334</u>

For all gross settled derivative financial instruments, such as foreign currency forward contracts and swaps, the pay and receive leg has been disclosed. For net settled derivative financial instruments, such as fuel swaps and options, the fair value as at the period end of those instruments in a liability position has been disclosed in the table above.

#### 6. Called-up share capital

	2012 £
Authorised	
100 ordinary shares of £1 each	<u>100</u>
Issued and fully paid	
100 ordinary shares of £1 each	<u>100</u>

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

#### 7. Related party transactions

All external derivative transactions entered into by Thomas Cook Group Hedging Limited have an equal and opposite back to back transaction with Thomas Cook Group Treasury Limited. The relationship between Thomas Cook Group Hedging Limited and Thomas Cook Group Treasury Limited is governed by a ISDA Master Agreement and Total return swap entered into by both parties. Gains or losses on external derivative contracts entered into by the Company will be offset by matching gains or losses between the Company and Thomas Cook Group Treasury Limited.

Transactions between the Company and Thomas Cook Group Treasury Limited

	Period ended 30 September 2012 £000
Net foreign exchange gains	<u>7,334</u>

# **Thomas Cook Group Hedging Limited**

## **Notes to the financial statements**

### **For the 25 weeks ended 30 September 2012**

#### **8. Contingent liability**

The Company is one of the guarantors of the Group credit and bonding facility. Each of the guarantors is jointly liable for the drawn down portion of £507m at 30 September 2012.

#### **9. Ultimate controlling party**

The Company's immediate parent is Blue Sea Overseas Investments Limited which is registered in England and Wales. The smallest group of which Thomas Cook Group Hedging Limited is a member and in which the results of the Company are consolidated is that headed by Thomas Cook Group plc, which is registered in England and Wales. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at 6<sup>th</sup> Floor, Brettenham House, Lancaster Place, London, WC2E 7EN.