

**Thomas Cook Group Hedging Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2015**

Registered number: 8024061

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# Thomas Cook Group Hedging Limited

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# Thomas Cook Group Hedging Limited

## Strategic report

The Directors present their Strategic report for the year ended 30 September 2015.

### Business review & principal activities

Thomas Cook Group Hedging Limited ('the Company') 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 fuel and currency exposure of the 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 intercompany loan balances, investments, cash at bank and in hand, and derivatives. The gross position of these balances is influenced by the requirements of fellow Group subsidiaries and external markets. As any hedging activity undertaken on behalf of the Group has back to back deals with Thomas Cook Group Treasury Limited, the net position of the balance sheet is driven by the investment in the direct subsidiary of Parkway Limited.

### Key performance indicators

The Directors of Thomas Cook Group plc manage the Group's operation on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of its business. The development, performance and position of the Corporate segment of the Group, which include the results of the Company, are discussed in the financial review on page 36 of the Group's Annual Report and Accounts 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.

#### *Liquidity and counterparty risks*

Liquidity risk arises if the Company is unable to meet its financial commitments as they fall due. The Company manages the seasonal nature of its liquidity by making use of its liquidity swaps to manage short-term currency positions. Surplus short-term liquidity is invested in accordance with the Group approved treasury policy.

The Company is exposed to counterparty risk in relation to derivatives with a positive fair value.

# Thomas Cook Group Hedging Limited

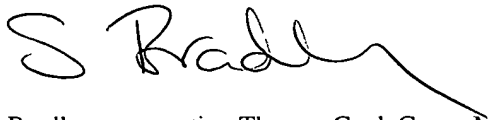
## Strategic report (continued)

### *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 and Accounts 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).

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



S Bradley representing Thomas Cook Group Management Services Limited

Director

18 February 2016

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

# **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 audited financial statements and independent auditors' report, for the year ended 30 September 2015.

### **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.

### **Financial risk management**

Financial risks to the Company and management of these risks have been disclosed in the Strategic Report on page 2.

### **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.

### **Charitable and political contributions**

The Company made no charitable or political donations during the year (2014: €nil).

### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year (2014: £nil).

### **Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, were as follows:

Thomas Cook Group Management Services Limited

Mr J O'Neill

Mr C Corner (appointed 6<sup>th</sup> January 2016)

### **Company Secretary**

Ms. S Bradley

### **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 which was in force during the year and as at the date of approval of these financial statements. The Company also maintains Directors' and Officers' liability insurance.

# **Thomas Cook Group Hedging Limited**

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

### **Provision of information to auditors**

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

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

### **Future developments**

The Directors are not aware at the date of this report of any likely major changes in the Company's activities in the next year.

### **Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the 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.

### **Employees**

As the Company has no direct employees (2014: nil), the Directors do not consider it necessary to report on employment policies.

# Thomas Cook Group Hedging Limited

## Directors' report (continued)

### Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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

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

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

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



S Bradley representing Thomas Cook Group Management Services Limited  
Director  
18 February 2016

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

**Thomas Cook Group Hedging Limited**  
**Independent Auditors' Report to the Members of**  
**Thomas Cook Group Hedging Limited**

**Report on the financial statements**

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**Our opinion**

In our opinion, Thomas Cook Group Hedging Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its result 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.
- 

**What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 September 2015;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

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**Opinion on other matter prescribed by the Companies Act 2006**

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

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**Other matters on which we are required to report by exception**

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**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.

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# **Thomas Cook Group Hedging Limited**

## **Independent Auditors' Report to the Members of Thomas Cook Group Hedging Limited (continued)**

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### **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.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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) ("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 parent 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.

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### **What an audit of financial statements involves**


We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Paul Cragg (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 February 2016

# Thomas Cook Group Hedging Limited

## Statement of comprehensive income

For the year ended 30 September 2015

|  | Year ended<br>30<br>September<br>2015<br>£000 | Year ended<br>30<br>September<br>2014<br>£000 |
|--|---|---|
| Other operating income                               | -   | -   |
| Other operating charges                              | -   | -   |
|  | <hr/>   | <hr/>   |
| <b>Result from operations</b>                        | -   | -   |
| Interest receivable and similar income               | -   | -   |
| Interest payable and similar charges                 | -   | -   |
|  | <hr/>   | <hr/>   |
| <b>Result on ordinary activities before taxation</b> | -   | -   |
| Tax on ordinary activities                           | -   | -   |
|  | <hr/>   | <hr/>   |
| <b>Result for the financial year</b>                 | -   | -   |
|  | <hr/>   | <hr/>   |
| Attributable to:                                     |   |   |
| Equity shareholders                                  | -   | -   |
|  | <hr/>   | <hr/>   |

The result for the year is wholly attributable to the continuing operations of the Company.

There is no other comprehensive income for the year or the prior year.

# Thomas Cook Group Hedging Limited

Registered number: 8024061

## Balance sheet

As at 30 September 2015

|  | Note | 2015<br>£000     | 2014<br>£000     |
|--|------|------------------|------------------|
| <b>Fixed assets</b>                            |      |                  |                  |
| Investments                                    | 3    | 990,998          | 990,998          |
| Derivative financial instruments               | 6    | 24,733           | 18,580           |
| <b>Current assets</b>                          |      |                  |                  |
| Derivative financial instruments               | 6    | 192,152          | 105,669          |
| Cash at bank and in hand                       | 4    | 3,000            | 3,202            |
| <b>Total assets</b>                            |      | <b>1,210,883</b> | <b>1,118,449</b> |
| <b>Current liabilities</b>                     |      |                  |                  |
| Derivative financial instruments               | 6    | (192,152)        | (105,669)        |
| Creditors: amounts falling due within one year | 5    | (3,000)          | (3,202)          |
| <b>Net current assets</b>                      |      | <b>-</b>         | <b>-</b>         |
| <b>Total assets less current liabilities</b>   |      | <b>1,015,731</b> | <b>1,009,578</b> |
| <b>Non-current liabilities</b>                 |      |                  |                  |
| Derivative financial instruments               | 6    | (24,733)         | (18,580)         |
| <b>Net assets</b>                              |      | <b>990,998</b>   | <b>990,998</b>   |
| <b>Capital and Reserves</b>                    |      |                  |                  |
| Called up share capital                        | 8    | -                | -                |
| Other reserves                                 | 9    | 990,998          | 990,998          |
| <b>Total shareholders' funds</b>               |      | <b>990,998</b>   | <b>990,998</b>   |

The financial statements, on pages 9 to 22, were approved by the Board of directors and authorised for issue on 18 February 2016. They were signed on its behalf by the Board:



S Bradley representing Thomas Cook Group Management Services Limited

Director

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

## **Thomas Cook Group Hedging Limited**

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

**For the year ended 30 September 2015**

|   | <b>Called up<br/>share<br/>capital<br/>£000</b> | <b>Other<br/>reserves<br/>£000</b> | <b>Total<br/>shareholders'<br/>funds<br/>£000</b> |
|---|---|------------------------------------|---|
| As at 30 September 2013 and at 1 October 2013 | -   | 990,998                            | 990,998   |
| Result for the financial year                 | -   | -                                  | -   |
| At 30 September 2014 and at 1 October 2014    | -   | 990,998                            | 990,998   |
| Result for the financial year                 | -   | -                                  | -   |
| Balance at 30 September 2015                  | -   | 990,998                            | 990,998   |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 1. General information

Thomas Cook Group Hedging Limited ('the Company') is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic report. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc ('the Group'), 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.

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

In the current year, no new or amended standards have been adopted.

#### 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 preparation**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Disclosures relating to financial instruments and capital management are still present in the financial statements as the Company meets the definition of a financial institution in FRS 100.

Where relevant, equivalent disclosures have been given in the Group financial statements of Thomas Cook Group plc. The Group financial statements of Thomas Cook Group plc are available to the public and can be obtained as set out in note 9.

As a result of FRS 101 being applicable to entities with a year-end from 1 January 2015, the Company has made the business decision to adopt the standard early (FRS 101 para.11).

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

#### **Going concern**

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

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 2. Significant accounting policies (continued)

##### Investments

Investments are shown at net asset value based on date of acquisition, less provision for impairment. The investment is reviewed for impairment annually.

##### Derivative financial instruments

The Company uses derivative financial instruments to hedge the Group's exposure to interest rate, foreign exchange and fuel price risks arising from operational, financing and investment activities. In accordance with the Company's policy, the Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. The fair values of derivatives have been calculated using discounted cash flow analysis, and options have been calculated using the Black-Scholes model. Changes in the fair value of derivatives are recognised in the income statement, as the Company does not seek to achieve hedge accounting.

Derivatives are presented on the balance sheet on a gross basis. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months.

##### Consolidated financial statements

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.

##### 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.

##### *Recoverable amounts of investments (shares in group undertakings)*

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

##### Foreign currency

The functional and presentation currency of the Company is sterling.

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

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 2. Significant accounting policies (continued)

##### Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank deposits repayable on demand, and other short-term highly liquid investments with original maturities of three months or less.

##### Creditors: amounts falling due within one year

Amounts falling due within one year are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

##### Administrative expenses

Audit fees of £500 (2014: £500) were borne by Thomas Cook Group plc during the year 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 (2014: nil). The emoluments of the Company's directors were borne by Thomas Cook Group plc, the Company's ultimate parent undertaking, during both accounting years with no recharge made as the amounts were minimal.

#### 3. Investments

|                          | £000           |
|--------------------------|----------------|
| <b>Cost</b>              |                |
| At 30 September 2014     | 990,998        |
| Movement during the year | -              |
| At 30 September 2015     | <u>990,998</u> |

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 Limited (previously known as Parkway S.A.) for a consideration of 98 £1 shares. The net asset value of Parkway S.A. at acquisition date was approximately €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.

The investment has been reviewed for impairment by the Directors. No allowance for impairment has been made as at 30 September 2015 (2014: nil).

#### 4. Cash at bank and in hand

|                          | 2015<br>£000 | 2014<br>£000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | <u>3,000</u> | <u>3,202</u> |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 4. Cash at bank and in hand (continued)

Bank balances and cash comprise cash held by the Company on long term bank deposit. The carrying amount of these assets approximate their fair value.

#### 5. Creditors: amounts falling due within one year

|                                   | 2015<br>£000 | 2014<br>£000 |
|-----------------------------------|--------------|--------------|
| Amounts due to Group undertakings | (3,000)      | (3,202)      |

Amounts owed to subsidiary undertakings are repayable on demand. Interest is not charged on these loan amounts. The Directors consider that the carrying amount of creditors approximate their fair value.

There was no tax payable or receivable at 30 September 2015 (2014: £nil).

#### 6. Derivative financial instruments

##### Foreign currency derivatives

The Company utilises foreign 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 fellow Group subsidiaries.

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

##### Fuel derivatives

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

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

##### Interest rate derivatives

The Company utilises interest rate swaps to hedge interest rate risk and exchange rate risk on behalf of fellow Group subsidiaries. The contracts are between the Company and external counterparties and the Company and fellow Group subsidiaries.

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



# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 6. Derivative financial instruments (continued)

##### Fair value hierarchy

The fair value of the Company's derivative financial instruments is disclosed in hierarchy levels depending on the valuation method applied. The different methods are defined as follows:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments

Level 2: valued using techniques based on information that can be obtained from observable market data

Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data.

The fair value of the Company's derivative financial assets of £216.9m (2014: £124.2m) and liabilities £216.9m (2014: £124.2m) at 30 September 2015 nets to nil (2014: nil). All derivative financial instruments at 30 September 2015 and at 30 September 2014 would be defined as Level 2 based on the definitions above.

##### Carrying values of financial assets and liabilities

The carrying values of the Company's financial assets and liabilities as at 30 September 2015 and 30 September 2014 are as set out below.

|  | <b>Fair value<br/>through<br/>profit and<br/>loss<br/>£000</b> | <b>Loans and<br/>receivables<br/>£000</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>£000</b> |
|--|--|---|---|
| <b>At 30 September 2015</b>                    |  |   |   |
| Cash at bank and in hand                       | -  | 3,000                                     | -   |
| Creditors: amounts falling due within one year | -  | -   | (3,000)   |
| Derivative financial instruments - assets      | 216,885  | -   | -   |
| - liabilities                                  | (216,885)  | -   | -   |
| <b>At 30 September 2015</b>                    | <b>-</b>   | <b>3,000</b>                              | <b>(3,000)</b>  |

|  | <b>Fair value<br/>through<br/>profit and<br/>loss<br/>£000</b> | <b>Loans and<br/>receivables<br/>£000</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>£000</b> |
|--|--|---|---|
| <b>At 30 September 2014</b>                    |  |   |   |
| Cash at bank and in hand                       | -  | 3,202                                     | -   |
| Creditors: amounts falling due within one year | -  | -   | (3,202)   |
| Derivative financial instruments - assets      | 124,249  | -   | -   |
| - liabilities                                  | (124,249)  | -   | -   |
| <b>At 30 September 2014</b>                    | <b>-</b>   | <b>3,202</b>                              | <b>(3,202)</b>  |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 6. Derivative financial instruments (continued)

##### Fair Value

The fair value of derivative financial instruments has been set out below:

|                                | 2015<br>£000     | 2014<br>£000     |
|--------------------------------|------------------|------------------|
| <b>Non-current assets</b>      |                  |                  |
| Foreign currency derivatives   | 5,555            | 8,055            |
| Fuel derivatives               | 9,959            | 1,814            |
| Interest rate derivatives      | 9,219            | 8,711            |
|                                | <u>24,733</u>    | <u>18,580</u>    |
| <b>Current assets</b>          |                  |                  |
| Foreign currency derivatives   | 103,551          | 81,675           |
| Fuel derivatives               | 88,601           | 23,994           |
| Interest rate derivatives      | -                | -                |
|                                | <u>192,152</u>   | <u>105,669</u>   |
| <b>Current liabilities</b>     |                  |                  |
| Foreign currency derivatives   | (103,551)        | (81,675)         |
| Fuel derivatives               | (88,601)         | (23,994)         |
| Interest rate derivatives      | -                | -                |
|                                | <u>(192,152)</u> | <u>(105,669)</u> |
| <b>Non-current liabilities</b> |                  |                  |
| Foreign currency derivatives   | (5,555)          | (8,055)          |
| Fuel derivatives               | (9,959)          | (1,814)          |
| Interest rate derivatives      | (9,219)          | (8,711)          |
|                                | <u>(24,733)</u>  | <u>(18,580)</u>  |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 6. Derivative financial instruments (continued)

##### Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.

|                                  | Gross amounts<br>of recognised<br>financial<br>assets/(liabilities)<br>£000 | Gross amounts<br>of recognised<br>financial<br>(liabilities)/<br>assets set off in<br>the balance<br>sheet<br>£000 | Related amounts not set off<br>in the balance sheet            |                                  |                       |
|----------------------------------|---|--|--|----------------------------------|-----------------------|
|                                  |   |  | Net<br>amounts<br>presented in<br>the balance<br>sheet<br>£000 | Financial<br>instruments<br>£000 | Net<br>Amount<br>£000 |
| <b>As at 30 September 2015</b>   |   |  |  |                                  |                       |
| Cash at bank and in hand         | 3,000   | -  | 3,000  | -                                | 3,000                 |
| Derivative financial assets      | 216,885   | -  | 216,885  | (183,400)                        | 33,485                |
| Derivative financial liabilities | (216,885)   | -  | (216,885)  | 183,400                          | (33,485)              |
| <b>Total</b>                     | <b>3,000</b>  | <b>-</b>   | <b>3,000</b>   | <b>-</b>                         | <b>3,000</b>          |

|                                  | Gross amounts<br>of recognised<br>financial<br>assets/(liabilities)<br>£000 | Gross amounts<br>of recognised<br>financial<br>(liabilities)/<br>assets set off in<br>the balance<br>sheet<br>£000 | Related amounts not set off<br>in the balance sheet            |                                  |                       |
|----------------------------------|---|--|--|----------------------------------|-----------------------|
|                                  |   |  | Net<br>amounts<br>presented in<br>the balance<br>sheet<br>£000 | Financial<br>instruments<br>£000 | Net<br>Amount<br>£000 |
| <b>As at 30 September 2014</b>   |   |  |  |                                  |                       |
| Cash at bank and in hand         | 3,202   | -  | 3,202  | -                                | 3,202                 |
| Derivative financial assets      | 124,249   | -  | 124,249  | (93,093)                         | 31,156                |
| Derivative financial liabilities | (124,249)   | -  | (124,249)  | 93,093                           | (31,156)              |
| <b>Total</b>                     | <b>3,202</b>  | <b>-</b>   | <b>3,202</b>   | <b>-</b>                         | <b>3,202</b>          |

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 7. Financial Risk

##### Capital management

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Key aspects of the managing the Group's capital include:

Effective management of the Groups financing facilities and operational liquidity and working capital management, enabling the Group to meet its financial commitments as they fall due

- Efficient management of Group exposures to foreign currency, interest rate, fuel and financial credit risks in accordance with TCG plc Board approved policies
- Enhancing the Group's credit rating over the medium term
- Maintaining strong relationships with its banks, rating agencies and other credit providers
- Compliance with all financial covenants and other requirements under the Group financing facilities.

##### Credit risk

The Company's principal financial assets are amounts owed by Group undertakings, cash at bank and in hand, and derivative financial instruments.

The credit risk attributable to amounts owed by Group undertakings is indirectly managed by the monthly monitoring of the financial performance of the related businesses by Group Finance and by the application of the Group authorisation policy for material capital expenditure, acquisitions and other investments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company's financial instruments comprise amounts due to/from other Group companies, cash and cash equivalents and derivative financial instruments.

The Company believes the value of its financial assets to be recoverable.

The Company has no material exchange rate risk or interest rate risk.

##### Liquidity Risk

The maturity of contracted cash flows on the Company's creditors and all of its derivative financial instruments are as follows:

|  | 2015<br>£000             |                          |                         |             |
|--|--------------------------|--------------------------|-------------------------|-------------|
|  | Not later<br>than 1 year | Between 1<br>and 5 years | In more than 5<br>years | Total       |
| Creditors: amounts falling due within one year | 3,000                    | -                        | -                       | 3,000       |
| Derivative financial instruments - payable     | 5,376,068                | 931,710                  | -                       | 6,307,778   |
| - receivable                                   | (5,287,467)              | (921,751)                | -                       | (6,209,218) |
|  | 91,601                   | 9,959                    | -                       | 101,560     |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 7. Financial Risk (continued)

|  | 2014<br>£000             |                          |                         |               |
|--|--------------------------|--------------------------|-------------------------|---------------|
|  | Not later<br>than 1 year | Between 1<br>and 5 years | In more than 5<br>years | Total         |
| Creditors: amounts falling due within one year | 3,202                    | -                        | -                       | 3,202         |
| Derivative financial instruments - payable     | 4,122,335                | 668,723                  | 29,176                  | 4,820,234     |
| - receivable                                   | (4,090,255)              | (666,909)                | (29,176)                | (4,786,340)   |
|  | <u>35,282</u>            | <u>1,814</u>             | <u>-</u>                | <u>37,096</u> |

For all gross settled derivative financial instruments, such as foreign currency forward contracts and swaps, the pay and receive leg have been disclosed separately. For net settled derivative financial instruments, such as fuel swaps and options, the fair value as at the year end of those instruments in a liability position has been disclosed in the table above. Thomas Cook Group Hedging Limited faces no liquidity risk arising from derivative positions as it enters into equal and opposite derivative trades with Thomas Cook Group Treasury Limited to offset its external positions. Overall the net outstanding derivative position held in Thomas Cook Group Hedging Limited is nil.

#### 8. Called up share capital

|  | 2015<br>£  | 2014<br>£  |
|--|------------|------------|
| Authorised:                                |            |            |
| 100 (2014: 100) ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Issued and fully paid:                     |            |            |
| 100 (2014: 100) ordinary shares of £1 each | <u>100</u> | <u>100</u> |

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

#### 9. Other Reserves

|                          | £000           |
|--------------------------|----------------|
| At 30 September 2014     | 990,998        |
| Movement during the year | -              |
| At 30 September 2015     | <u>990,998</u> |

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 Limited (previously known as Parkway S.A.) for a consideration of 98 £1 shares. The net asset value of Parkway S.A. at acquisition date was approximately €1.2bn EUR, hence the gain on acquisition has been valued at the spot rate of £/EUR€1.2109 on date of acquisition, being £991m.

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

#### 10. Ultimate controlling party

The Company's immediate parent is TCGH Holdings 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 3<sup>rd</sup> Floor, South Building, 200 Aldersgate, London, EC1A 4HD.

#### 11. Subsidiaries

|  | Country of incorporation<br>and operation | Proportion held<br>% | Class of shares |
|--|---|----------------------|-----------------|
| <b>Direct subsidiaries</b>                 |   |                      |                 |
| Parkway Limited                            | Guernsey                                  | 100                  | Ordinary        |
| <b>Indirect Subsidiaries</b>               |   |                      |                 |
| Thomas Cook Airlines Scandinavia A/S       | Denmark                                   | 100                  | Ordinary        |
| Airtours Resort Ownership Espana S.L.      | Spain                                     | 100                  | Ordinary        |
| Anfinpan S.L.                              | Spain                                     | 100                  | Ordinary A & B  |
| Astral Hellas SA                           | Greece                                    | 70                   | Ordinary        |
| Astral Spain Incoming S.A                  | Spain                                     | 100                  | Ordinary        |
| Helios Palace SA                           | Greece                                    | 100                  | Ordinary        |
| Hoteles Sunwing SA                         | Spain                                     | 100                  | Ordinary        |
| MyTravel Deutschland GmbH                  | Germany                                   | 100                  | Ordinary        |
| OY Tjaereborg AB                           | Finland                                   | 100                  | Ordinary        |
| Parkway Hellas Holdings Limited            | United Kingdom                            | 100                  | Ordinary        |
| Parkway Holdings GmbH                      | Germany                                   | 100                  | Ordinary        |
| Parkway Northern Europe Holding A/S        | Denmark                                   | 100                  | Ordinary        |
| Resorts Mallorca Hotels International S.L. | Spain                                     | 100                  | Ordinary        |
| Spies A/S                                  | Denmark                                   | 100                  | Ordinary        |
| Sunwing Hellas AB                          | Sweden                                    | 100                  | Ordinary        |
| Sunwing Hotels (Cyprus) Limited            | Cyprus                                    | 100                  | Ordinary        |
| Sunwing Hotels Hellas SA                   | Greece                                    | 100                  | Ordinary        |
| Sunscan Hotel Sociedad Limitada            | Spain                                     | 100                  | Ordinary        |

# Thomas Cook Group Hedging Limited

## Notes to the financial statements

### For the year ended 30 September 2015

| <b>11. Subsidiaries (continued)</b>  | <b>Country of incorporation and operation</b> | <b>Proportion held %</b> | <b>Class of shares</b> |
|--------------------------------------|---|--------------------------|------------------------|
| TCNE Aircraft Leasing AB             | Sweden  | 100                      | Ordinary               |
| Thomas Cook Airlines Scandinavia A/S | Denmark                                       | 100                      | Ordinary               |
| Thomas Cook Nordic Holdings AB       | Sweden  | 100                      | Ordinary               |
| Thomas Cook Northern Europe AB       | Sweden  | 100                      | Ordinary               |
| Thomas Cook Northern Europe A/S      | Denmark                                       | 100                      | Ordinary               |
| Vingresor Espana SA                  | Spain   | 100                      | Ordinary               |
| Ving Norge A/S                       | Norway  | 100                      | Ordinary               |
| Ving Sverige AB                      | Sweden  | 100                      | Ordinary               |