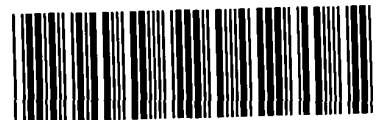


Thomas Cook Group Hedging Limited
Annual report and financial statements
for the year ended 30 September 2017

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 2017.

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 Company is a member of the Thomas Cook Group plc group of companies ("the Group"). The key performance indicators of the Company are integrated with the performance of the Group, and are not managed separately. The Company's directors believe that further analysis is not necessary for an understanding of the development, performance, position or risks of the Company. A detailed review of the Group key performance indicators can be found in the Thomas Cook Group plc Annual Report and Accounts for 2017.

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.

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

1 February 2018

Registered Office:

Westpoint

Peterborough Business Park

Lynch Wood

Peterborough

PE2 6FZ

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 2017.

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 Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6FZ

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 (2016: £nil).

Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year (2016: £nil).

Directors

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

Thomas Cook Group Management Services Limited

Mr J O'Neill (resigned 21st February 2017)

Mr C Corner

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

Pricewaterhouse Coopers LLP resigned as auditor of the company with effect from 16 March 2017 and Ernst & Young LLP were appointed auditor for the financial year ended 30 September 2017. Ernst & Young LLP are deemed to be reappointed and have agreed to continue in office as auditor for the financial year ending 30 September 2018.

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 (2016: 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 UK 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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
1 February 2018

Registered Office:
Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

Thomas Cook Group Hedging Limited

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

Opinion

We have audited the financial statements of Thomas Cook Group Hedging Limited for the year ended 30 September, 2017 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12, including 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 including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 and of its result of £nil 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 2-6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Thomas Cook Group Hedging Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement pages 4-6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

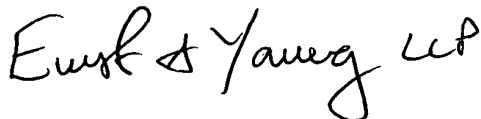
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP'.

Richard Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 February 2018

Thomas Cook Group Hedging Limited

Statement of comprehensive income

For the year ended 30 September 2017

		Year ended 30 September 2017 £000	Year ended 30 September 2016 £000
	Note		
Other operating income		-	-
Other operating charges		-	-
		<hr/>	<hr/>
Result from operations		-	-
Interest receivable and similar income	3	9	-
Interest payable and similar charges	3	(9)	-
		<hr/>	<hr/>
Result on ordinary activities before taxation		-	-
Tax on ordinary activities		-	-
		<hr/>	<hr/>
Result for the financial year		-	-
		<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 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	4	990,998	990,998
Derivative financial instruments	7	9,522	22,312
Current assets			
Derivative financial instruments	7	134,135	174,889
Cash at bank and in hand	5	3,000	3,000
Total assets		1,137,655	1,191,199
Current liabilities			
Derivative financial instruments	7	(134,135)	(174,889)
Creditors: amounts falling due within one year	6	(3,000)	(3,000)
Net current assets		-	-
Total assets less current liabilities		1,000,520	1,013,310
Non-current liabilities			
Derivative financial instruments	7	(9,522)	(22,312)
Net assets		990,998	990,998
Capital and Reserves			
Called up share capital	9	-	-
Other reserves	10	990,998	990,998
Total shareholders' funds		990,998	990,998

The financial statements, on pages 10 to 24, were approved by the Board of directors and authorised for issue on 1 February 2018. They were signed on its behalf by the Board:



S Bradley representing Thomas Cook Group Management Services Limited

Director

Registered Office:

Westpoint

Peterborough Business Park

Lynch Wood

Peterborough

PE2 6FZ

Thomas Cook Group Hedging Limited

Statement of changes in equity

For the year ended 30 September 2017

	Called up share capital £000	Other reserves £000	Total shareholders' funds £000
As at 30 September 2015 and at 1 October 2015	-	990,998	990,998
Result for the financial year	-	-	-
At 30 September 2016 and at 1 October 2016	-	990,998	990,998
Result for the financial year	-	-	-
Balance at 30 September 2017	-	990,998	990,998

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

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 and interpretations have been adopted which are relevant to the Company.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. The principal accounting policies have been consistently applied throughout the financial year.

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, 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 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 2017

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 judgements in applying the Company's accounting policies

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

Recoverable amounts of investments (shares in group undertakings)

Judgements 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 2017

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.

3. Result on ordinary activities before taxation

	2017 £000	2016 £000
Bank interest receivable	9	-
Interest to group affiliates	(9)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The Directors of the company were employed and remunerated by other group companies. The qualifying services provided to the company by these Directors were incidental to their main roles, therefore the remuneration amount relating to the Company is £nil or the year ended 30th September 2017 (2016: £nil). There are no other employees of the company.

Auditor's remuneration is borne by Thomas Cook Group plc, the ultimate parent company of Thomas Cook Group Hedging Limited.

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

4. Investments

	£000
Cost	
At 30 September 2016	990,998
Movement during the year	-
At 30 September 2017	<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 2017 (2016: nil).

5. Cash at bank and in hand

	2017 £000	2016 £000
Cash at bank and in hand	<u>3,000</u>	<u>3,000</u>

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.

6. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts due to Group undertakings	<u>(3,000)</u>	<u>(3,000)</u>

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 2017 (2016: £nil).

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

7. 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 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.

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: derived using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments is determined by discounting expected cash flows at prevailing interest rates.

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 £143.7m (2016: £197.2m) and liabilities £143.7m (2016: £197.2m) at 30 September 2017 nets to nil (2016: nil). All derivative financial instruments at 30 September 2017 and at 30 September 2016 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 2017 and 30 September 2016 are as set out below.

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

7. Derivative financial instruments (continued)

	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
At 30 September 2017			
Cash at bank and in hand	-	3,000	-
Creditors: amounts falling due within one year	-	-	(3,000)
Derivative financial instruments - assets	143,657	-	-
- liabilities	(143,657)	-	-
At 30 September 2017	-	3,000	(3,000)

	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
At 30 September 2016			
Cash at bank and in hand	-	3,000	-
Creditors: amounts falling due within one year	-	-	(3,000)
Derivative financial instruments - assets	197,201	-	-
- liabilities	(197,201)	-	-
At 30 September 2016	-	3,000	(3,000)

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

7. Derivative financial instruments (continued)

Fair Value

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

	2017 £000	2016 £000
Non-current assets		
Foreign currency derivatives	6,743	7,377
Fuel derivatives	2,032	2,081
Interest rate derivatives	747	12,854
	<u>9,522</u>	<u>22,312</u>
Current assets		
Foreign currency derivatives	117,264	131,525
Fuel derivatives	16,871	43,364
Interest rate derivatives	-	-
	<u>134,135</u>	<u>174,889</u>
Current liabilities		
Foreign currency derivatives	(117,264)	(131,525)
Fuel derivatives	(16,871)	(43,364)
Interest rate derivatives	-	-
	<u>(134,135)</u>	<u>(174,889)</u>
Non-current liabilities		
Foreign currency derivatives	(6,743)	(7,377)
Fuel derivatives	(2,032)	(2,081)
Interest rate derivatives	(747)	(12,854)
	<u>(9,522)</u>	<u>(22,312)</u>

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

7. 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 of recognised financial assets/(liabilities) £000	Gross amounts of recognised financial (liabilities)/ assets set off in the balance sheet £000	Related amounts not set off in the balance sheet		
			Net amounts presented in the balance sheet £000	Financial instruments £000	Net Amount £000
As at 30 September 2017					
Cash at bank and in hand	3,000	-	3,000	-	3,000
Derivative financial assets	143,657	-	143,657	(97,704)	45,953
Derivative financial liabilities	(143,657)	-	(143,657)	97,704	(45,953)
Total	3,000	-	3,000	-	3,000

	Gross amounts of recognised financial assets/(liabilities) £000	Gross amounts of recognised financial (liabilities)/ assets set off in the balance sheet £000	Related amounts not set off in the balance sheet		
			Net amounts presented in the balance sheet £000	Financial instruments £000	Net Amount £000
As at 30 September 2016					
Cash at bank and in hand	3,000	-	3,000	-	3,000
Derivative financial assets	197,201	-	197,201	(115,062)	82,139
Derivative financial liabilities	(197,201)	-	(197,201)	115,062	(82,139)
Total	3,000	-	3,000	-	3,000

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 2017

8. 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:

	2017 £000			
	Not later than 1 year	Between 1 and 5 years	In more than 5 years	Total
Creditors: amounts falling due within one year	3,000	-	-	3,000
Derivative financial instruments - payable	7,501,180	790,541	-	8,291,721
- receivable	(7,484,310)	(788,509)	-	(8,272,819)
	19,870	2,032	-	21,902

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

8. Financial Risk (continued)

	2016 £000			
	Not later than 1 year	Between 1 and 5 years	In more than 5 years	Total
Creditors: amounts falling due within one year	3,000	-	-	3,000
Derivative financial instruments - payable	6,430,209	1,049,598	-	7,479,807
- receivable	(6,386,845)	(1,047,518)	-	(7,434,363)
	<u>46,364</u>	<u>2,080</u>	<u>-</u>	<u>48,444</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.

9. Called up share capital

	2017 £	2016 £
Authorised:		
100 (2016: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid:		
100 (2016: 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.

10. Other Reserves

	£000
At 30 September 2016	990,998
Movement during the year	-
At 30 September 2017	<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 2017

11. Ultimate controlling party

The Company's immediate parent is TCGH Holdings Limited which is registered in England and Wales. Thomas Cook Group plc, incorporated in England and Wales, is the Company's ultimate parent company and ultimate controlling party. 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 3rd Floor, South Building, 200 Aldersgate, London, EC1A 4HD.

12. Subsidiaries

	Country of incorporation and operation	Proportion held %	Class of shares
Direct subsidiaries			
Parkway Limited	Guernsey	100	Ordinary
Indirect Subsidiaries			
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

Thomas Cook Group Hedging Limited

Notes to the financial statements

For the year ended 30 September 2017

12. Subsidiaries (continued)	Country of incorporation and operation	Proportion held %	Class of shares
TCNE Aircraft Leasing AB	Sweden	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