

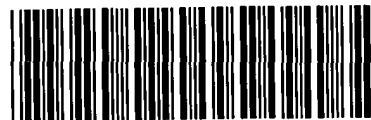
**Sunsail Limited**

**Reports of the Directors and financial statements**

**For the year ended 30 September 2015**

**Company number 1239190**

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## **STRATEGIC REPORT**

The Directors present their reports and the audited financial statements of Sunsail Limited ("the Company") for the year ended 30 September 2015.

The Company's principal activity during the year was that of the promotion and provision of sailing and sailing club holidays, within the TUI AG group of companies ("the Group").

### **Business review**

The Company's loss on ordinary activities before taxation for the year ended 30 September 2015 was £5,370,000 (2014: £1,340,000 profit). No dividends were paid during the year (2014: £nil) and the Directors are unable to recommend the payment of a final dividend.

The Company's gross loss was £1,184,000 (2014: £687,000 profit). The fall in revenue is due to the discontinuation of operating club sailing holidays when the Company's contract at Club Vounaki in Greece came to the end of its term at the end of October 2014. In 2014 the clubs contributed £790,000 to gross profit. The decision was taken not to renew the contract so as to enable the Company to concentrate on its investment in the fleet and increase focus on independent charter and flotilla holidays, as well as sailing schools and corporate business. The end of this contract resulted in the disposal of leasehold improvements, motor vehicles and yachts during the year with a net book value of £221,000.

During the year, £633,000 was incurred in relation to 2014 yacht rental costs from Sunsail Worldwide Sailing Limited which had not been charged in prior year. Yacht rental costs of £684,000, in relation to 2015, have also been recharged in this financial year. These have impacted the 2015 gross margin.

Operating profits are affected by exceptional administrative expenses of £2,175,000 (2014: £2,279,000 exceptional income). The exceptional and one-off charge in 2015 relates to £1,944,000 waived intercompany C&C Yacht Management Limited debt balance following the liquidation of the company, and the restructuring costs of overseas clubs in Turkey (£92,000) and in Australia (£139,000). In 2014, the exceptional and one-off net credit included £2,725,000 waived intercompany Club Vass credit balance, the write off of £101,000 Sunsail Deutschland GmbH intercompany balance plus a provision of £345,000 in relation to the closure of overseas clubs.

There was a net tax charge to the profit and loss statement and net liabilities increased by £4,551,000 when the Company mutually agreed to surrender historic tax group relief relating to the years 2006-2012 to its immediate parent company for nil consideration.

The company has net current liabilities of £11,638,000 (2014: £2,197,000 net current assets) and net liabilities of £21,204,000 (2014: £11,972,000 net liabilities). The surrender of group relief £4,551,000 along with the debt with C+C Yacht Management Limited (Cayman) £1,944,000 and cash utilisation of £6,436,000 have also contributed to the increase in net liabilities.

The financial statements are prepared on the going concern basis as the ultimate parent company, TUI AG, has agreed to provide financial support to the Company in order that it continues to trade and meet its liabilities as they fall due.

The Directors use the following key performance indicators ("KPIs") for the Company to gain an understanding of the development, performance and positioning of its business:

	2015	2014
	£'000	£'000
Revenue	12,096	17,527
Operating (loss)/profit	(5,165)	1,649
Net liabilities	(21,204)	(11,972)

## STRATEGIC REPORT (continued)

### Principal risks and uncertainties

The principal risks and uncertainties which are common to the Group and the Company are:

- **Destination disruption risk.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as Ebola; political volatility as has been seen in Egypt and Greece in recent years; the implications of war in countries close to our source markets and destinations; and terrorist events such as the tragic incident in Tunisia this year.
- **Consumer demand.** Spending on travel and tourism is discretionary and price sensitive. The economic outlook remains uncertain with different destinations at different points in the recovery cycle. Consumers are also waiting longer to book their trips in order to assess their financial situation. If we do not respond successfully to changes in consumer demands and preferences, our short-term growth rates and margins will fall below expectations.
- **Consumer preferences and desires.** The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. In recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. Consumer tastes and preferences have evolved in recent years as well, with more consumers booking their holidays online and via mobiles and tablets, and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption or if our products and services fail to meet changing customer demands and preferences, that our turnover, market share and profitability will suffer as a result.
- **Input cost volatility.** A significant proportion of operating expenses is in non-local currency and relate to aircraft fuel which therefore exposes the business to changes in both exchange rates and fuel prices. There is the risk that if we do not manage adequately the volatility of exchange rates, fuel prices and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets.
- **Business improvement opportunities.** The Group is heavily reliant on legacy systems, processes and structures which, in some cases, are outdated, complex and inefficient. If we do not address the systems' inefficiencies we may incur higher costs due to inefficiencies and impact our ability to optimise business performance and provide a value added service to our consumers.
- **Legal & regulatory compliance.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.
- **Health & Safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays. This could result in reputational damage to the Company and/or financial liabilities through legal action being taken by the affected parties.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our increasing dependence on online sales and customer care channels increases our exposure and susceptibility to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.
- **Talent management.** The Company's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and maintain the commitment and trust of our employees, we risk not maximising our operating results and financial performance.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries within the Specialist Travel Sector of the Group and in conjunction with the management of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how they are mitigated, can be found on pages 97-114 of the TUI AG Annual Report and Accounts, 2014/15. Details of where these financial statements can be obtained are in Note 20 of these financial statements

On behalf of the Board



S B M Cross  
**Director**

Company Number 1239190

Dated: 24 March 2016

## **DIRECTORS' REPORT**

### **Directors**

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

P V Y Cochran  
S B M Cross  
C F Powell  
M R Prior

Directors who also served during the year were:

C J Parselle (appointed 22 January 2015 and resigned 23 October 2015)  
J Walter (resigned 18 December 2015)

### **Independent auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

### **Directors' insurance**

From 1 October 2014 to 11 December 2014, the intermediate parent company, TUI Travel PLC (now TUI Travel Limited), maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. Following the merger of TUI Travel PLC and TUI AG on 11 December 2014, until the date of approval of these financial statements, the ultimate parent company, TUI AG, maintained these insurance policies. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

### **Statement as to disclosure of information to auditors**

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Business review**

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

### **Funding and liquidity**

The Directors have considered the funding and liquidity position of the Company. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis. Please also refer to Note 1.

### **Intention to adopt FRS 101**

Following the publication by the Financial Reporting Council of FRS 100, 'Application of financial reporting requirements', the Company is permitted to adopt FRS 101, 'Reduced disclosure framework' ("FRS 101") as its accounting framework for the preparation of its entity financial statements for the financial year ending 30 September 2016.

The Directors of the Company consider that it is in the best interests of the Company and the TUI Group to adopt FRS 101 as its accounting framework for the financial year ending 30 September 2016 and hereby notifies its shareholder that it intends to do so.

As First Choice Marine Limited is the holder of all of the issued shares of the Company, First Choice Marine Limited is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should First Choice Marine Limited choose to object to the use of FRS 101, objections should be made in writing to the Company's registered office address by no later than 30 September 2016.

**DIRECTORS' REPORT (continued)**

**Intention to adopt FRS 101 (continued)**

On the basis that no objection is received, the Company's use of FRS 101 as the accounting framework is expected to remain in force for the foreseeable future or until the date that First Choice Marine Limited is no longer a shareholder of the Company.

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

On behalf of the Board



S B M Cross  
Director

Company Number 1239190

Dated: 24 March 2016

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## **Report on the financial statements**

### **Our opinion**

In our opinion Sunsail 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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### **What we have audited**

The financial statements, included within the Reports of the Directors and financial statements (the "Annual Report") comprise:

- the balance sheet as at 30 September 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies 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).

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**

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**

#### **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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### **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**

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

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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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.

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*Rosemary Shapland*

Rosemary Shapland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
Dated: 24 March 2016

**Sunsail Limited**  
**Profit and loss account for the year ended 30 September 2015**

		Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
	Note		
<b>Turnover</b>		<b>12,096</b>	17,527
Cost of sales		(13,280)	(16,840)
<b>Gross (loss)/profit</b>		<b>(1,184)</b>	687
Distribution costs		(472)	(614)
Administrative expenses – before exceptional items		(1,334)	(703)
Administrative (expense)/income – exceptional items	2	(2,175)	2,279
Administrative (expense)/income – total		(3,509)	1,576
<b>Operating (loss)/profit</b>		<b>(5,165)</b>	1,649
Loss on disposal of fixed assets		(1)	-
<b>(Loss)/profit on ordinary activities before interest and taxation</b>		<b>(5,166)</b>	1,649
Interest receivable and similar income	4	6	757
Interest payable and similar charges	5	(210)	(1,066)
<b>(Loss)/profit on ordinary activities before taxation</b>	2	<b>(5,370)</b>	1,340
Tax on (loss)/profit on ordinary activities	6	(3,862)	294
<b>(Loss)/profit for the financial year</b>	17	<b>(9,232)</b>	1,634

The results stated above are all derived from continuing operations.

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

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



**Sunsail Limited**  
**Balance sheet as at 30 September 2015**

		<b>30 September 2015 £'000</b>	<b>30 September 2014 £'000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Tangible assets	7	<u>353</u>	<u>402</u>
		<b>353</b>	<b>402</b>
<b>Current assets</b>			
Stocks	9	61	100
Debtors	10	16,081	16,423
Cash at bank and in hand		<u>2,282</u>	<u>8,719</u>
		<b>18,424</b>	<b>25,242</b>
<b>Creditors: amounts falling due within one year</b>	11	<u>(30,062)</u>	<u>(23,045)</u>
<b>Net current (liabilities)/assets</b>		<b>(11,638)</b>	<b>2,197</b>
<b>Total assets less current liabilities</b>		<u><b>(11,285)</b></u>	<u><b>2,599</b></u>
<b>Creditors: amounts falling due after more than one year</b>	12	(10)	(3,959)
<b>Provisions for liabilities</b>	14	(9,909)	(10,612)
<b>Net liabilities</b>		<u><b>(21,204)</b></u>	<u><b>(11,972)</b></u>
<b>Capital and reserves</b>			
Called up share capital	16	18,166	18,166
Profit and loss account	17	(39,370)	(30,138)
<b>Total shareholders' deficit</b>	18	<u><b>(21,204)</b></u>	<u><b>(11,972)</b></u>

The notes on pages 9 to 17 form part of these financial statements.

The financial statements on pages 7 to 17 were approved by the Board of Directors on 24 March 2016 and signed on its behalf by:



S B M Cross  
**Director**

**1. Accounting policies**

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

**Basis of preparation**

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

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

**Cash flow**

Under Financial Reporting Standard 1 (Revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

**Going concern**

At 30 September 2015, the Company had net current liabilities and net liabilities.

The financial statements are prepared on the going concern basis as the ultimate parent Company, TUI AG, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for at least 12 months from the date of approval of these financial statements.

**Turnover**

Turnover represents the total amount, excluding value added tax, invoiced by the Company in respect of services provided in the ordinary course of business and arises solely in the United Kingdom. Revenue is recognised on the date of departure and the related costs of distribution and of providing the holidays and flights are charged to the profit and loss account on the same basis.

**Marketing and other direct sales costs**

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

**Client money received in advance**

Client money received at the balance sheet date relating to holidays commencing and flights departing after the year-end is included in creditors.

**Taxation**

Taxation comprises current and deferred tax. Current tax is the expected tax payable (or recoverable) for the current period using the average rate for the period, and any adjustment to tax payable in respect of previous periods.

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

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

**1. Accounting policies (continued)****Foreign currencies**

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

**Tangible assets and depreciation**

Tangible assets are recorded at cost and are depreciated on a straight-line basis to their residual value over their estimated useful lives as follows:

Yacht and dinghy fleet	2-15 years
Motor vehicles	4 years
Club leasehold improvements	Over period of lease
Office furniture and equipment	4 to 10 years

Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

**Investments**

Investments are stated at cost less provision for diminution in value. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If such an indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an investment exceeds its recoverable amount.

**Stocks**

Stocks are stated at the lower of cost and net realisable value and consist of consumables purchased for resale. Net realisable value is based on estimated selling price less estimated selling expenses. Where necessary, provision is made for obsolete, slow moving and defective goods.

**2. (Loss)/profit on ordinary activities before taxation**

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Depreciation – owned assets	71	150
Loss on disposal of fixed assets	1	-
Operating lease charges - other	10	-
Loss on foreign exchange	335	-
Net exceptional and one off charge/(credit)	2,175	(2,279)

**2. (Loss)/profit on ordinary activities before taxation (continued)**

The exceptional and one-off charge in 2015 relates to £1,944,000 waived intercompany C&C Yacht Management Limited debt balance following the liquidation of the company, and the restructuring costs of overseas clubs in Turkey (£92,000) and in Australia (£139,000). In 2014 the exceptional and one-off net credit included £2,725,000 waived intercompany Club Vass credit balance, the write off of £101,000 Sunsail Deutschland GmbH intercompany balance plus a provision of £345,000 in relation to the closure of overseas clubs.

During the year, £633,000 was incurred in relation to 2014 yacht rental costs from Sunsail Worldwide Sailing Limited which had not been charged in prior year. Yacht rental costs of £684,000, in relation to 2015, have also been recharged in this financial year.

The audit fee relating to the Company for 2015 and 2014 is as follows:

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Audit fees payable to the Company's auditors	37	30
Fees payable to the Company's auditors for other services	5	2
Audit fees payable to the Company's auditors	<u>42</u>	<u>32</u>

**3. Employee information**

(i) The average monthly number of employees, including Directors, during the year, analysed by category, was as follows:

	Year ended 30 September 2015 Number	Year ended 30 September 2014 Number
Administration	45	43
Operations	1	82
	<u>46</u>	<u>125</u>

(ii) The aggregate payroll costs for those employees were as follows:

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Wages and salaries	1,607	1,966
Social security costs	158	390
Other pension costs	42	48
	<u>1,807</u>	<u>2,404</u>

The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which makes no recharge to the Company; it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details do not include emoluments in respect of any director. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of another Group company.

**4. Interest receivable and similar income**

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Interest receivable on bank loans and overdrafts	6	16
Interest receivable from Group undertakings	-	2
Exchange gain	-	739
	<u>6</u>	<u>757</u>

**5. Interest payable and similar charges**

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Interest payable on other items	-	680
Interest payable to Group undertakings	210	226
Exchange loss	-	160
	<u>210</u>	<u>1,066</u>

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

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
<b>(i) Analysis of tax charge/(credit) in the year</b>		
Current tax:		
Amount receivable from fellow subsidiaries for group relief	(972)	(343)
Adjustments in respect of prior periods	4,748	(32)
<b>Total current tax</b>	<u>3,776</u>	<u>(375)</u>
Deferred tax:		
Origination and reversal of timing differences:		
- current year	272	60
- effect of reduction in UK corporation tax rate	(7)	(5)
- adjustments in respect of prior periods	(179)	26
<b>Total deferred tax (Note 13)</b>	<u>86</u>	<u>81</u>
<b>Tax charge/(credit) on (loss)/profit on ordinary activities</b>	<u>3,862</u>	<u>(294)</u>

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

The current tax charge (2014: credit) for the year is different to (2014: different to) the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%). The differences are shown below:

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
(Loss)/profit on ordinary activities before tax	<u>(5,370)</u>	<u>1,340</u>
(Loss)/profit on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22.0%)	(1,100)	294
Effect of:		
- Expenses not deductible for tax purposes	400	-
- Income not taxable	-	(577)
- Fixed asset timing differences	(170)	(170)
- Movement in short term timing differences	(102)	110
- Adjustments in respect of prior periods	4,748	(32)
<b>Current tax charge/(credit) for the year</b>	<u><b>3,776</b></u>	<u><b>(375)</b></u>

Adjustments in respect of prior periods include a charge of £4,551,000 (2014: nil) which relates to group relief surrendered to the immediate parent company in respect of the years 2006-2012. During the current year the companies have mutually agreed that the Company will surrender the historic amount for £nil consideration.

**(iii) Factors affecting the future tax charge**

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods.

Proposals to reduce the main UK corporation tax to 19% on 1 April 2017 and 17% on 1 April 2020 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

These reductions may reduce the Company's future current tax charge accordingly, however it has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge and reduce the Company's deferred tax assets/liabilities accordingly, it is estimated that this will not have a material effect on the Company.

**7. Tangible assets**

	Yacht and dinghy fleet £'000	Motor vehicles £'000	Club leasehold improvements £'000	Office furniture and equipment £'000	Total £'000
<b>Cost:</b>					
1 October 2014	921	92	762	340	2,115
Additions	-	-	-	243	243
Disposals	(921)	(92)	(762)	(161)	(1,936)
<b>30 September 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422</b>	<b>422</b>
<b>Accumulated depreciation:</b>					
1 October 2014	681	89	756	187	1,713
Charge for the year	32	-	6	33	71
Disposals	(713)	(89)	(762)	(151)	(1,715)
<b>30 September 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>69</b>
<b>Net book value:</b>					
<b>30 September 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>353</b>
30 September 2014	240	3	6	153	402

**8. Investments**

	Investments in subsidiary undertakings £'000
<b>Cost:</b>	
At 1 October 2014 and 30 September 2015	12
<b>Impairment:</b>	
At 1 October 2014 and 30 September 2015	12
<b>Net book value:</b>	
At 30 September 2014 and 30 September 2015	-

The following company is the subsidiary undertaking of the Company:

Name of Undertaking	Country of incorporation	Share class	% held directly by the Company	Total % held by the Group
Sunsail Hellas Mepe	Greece	€30.00 Ordinary shares	100.00	100.00

**9. Stock**

	30 September 2015 £'000	30 September 2014 £'000
Consumables	<u>61</u>	<u>100</u>

**10. Debtors**

	30 September 2015 £'000	30 September 2014 £'000
Amounts owed by Group undertakings	12,422	8,449
Group relief receivable	2,630	6,406
Deferred tax asset (Note 13)	749	835
Other debtors	55	489
Prepayments and accrued income	<u>225</u>	<u>244</u>
	<u>16,081</u>	<u>16,423</u>

Amounts owed by Group undertakings are unsecured, bear no interest and are repayable on demand.

**11. Creditors: amounts falling due within one year**

	30 September 2015 £'000	30 September 2014 Restated £'000
Trade creditors	33	133
Amounts owed to Group undertakings	28,241	19,813
Taxation and social security	-	120
Other creditors	88	230
Client monies received in advance	1,479	1,892
Accruals and deferred income	<u>221</u>	<u>857</u>
	<u>30,062</u>	<u>23,045</u>

Amounts owed to Group undertakings of £28,241,000 (2014: £19,813,000) are unsecured and repayable on demand. No interest is borne on the amounts owed to Group undertakings, other than £3,940,000 (2014: £nil) which bears interest of 2.85% (2014: nil) and £695,000 (2014: £653,472) which bears interest at 0.5% (2014: 0.5%).

£857,000 of accrual balances in 2014 have been reclassified from other creditors.

**12. Creditors: amounts falling due after more than one year**

	30 September 2015 £'000	30 September 2014 £'000
Amounts owed to Group undertakings	-	3,959
Client monies received in advance	<u>10</u>	<u>-</u>
	<u>10</u>	<u>3,959</u>

The amount owed to Group undertakings in 2014 represented a five year loan effective from 28 September 2011 which was paid in full within the year.



**13. Deferred tax asset**

The movement in deferred taxation during the year was:

	£'000
At 1 October 2014	835
Charged to the profit and loss account (Note 6)	(86)
<b>At 30 September 2015</b>	<b>749</b>

The elements of deferred taxation are as follows:

	30 September 2015 £'000	30 September 2014 £'000
Fixed asset timing differences	749	735
Other short term timing differences	-	100
	<b>749</b>	<b>835</b>

A deferred tax asset has not been recognised in respect of trading losses as there is insufficient evidence that the asset will be recovered. The amount of the deferred tax asset not recognised is £4,138,000 (2014: £4,138,000). The asset would be recovered if there were suitable taxable profits in the future against which to offset the losses. There are no other unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2015 or 30 September 2014.

**14. Provisions for liabilities**

	Legal £'000	Restructuring £'000	Total £'000
At 1 October 2014	9,914	698	10,612
(Credited)/charged to profit and loss account	(56)	139	83
Utilised during the year	-	(786)	(786)
<b>At 30 September 2015</b>	<b>9,858</b>	<b>51</b>	<b>9,909</b>

The legal provision relates to the closure of the Galini Club. During the year the provision was revalued for the effects of foreign exchange. The provision will remain until the dispute has been settled. The restructuring provision relates to costs associated with the closure of other club operations. Details of the amounts charged to the profit and loss account for restructuring can be found in Note 2.

**15. Operating lease commitments**

At 30 September 2015, the Company had future annual commitments under non-cancellable operating leases which expire as follows:

	30 September 2015 £'000	30 September 2014 £'000
<b>Land and buildings</b>		
Expiring within one year	-	131

**16. Called up share capital**

	30 September 2015 £'000	30 September 2014 £'000
<b>Issued and fully paid</b>		
363,327,956 (2014: 363,327,956) ordinary shares of £0.05 each	<b>18,166</b>	<b>18,166</b>

**17. Profit and loss account**

	Profit and loss account £'000
At 1 October 2014	(30,138)
Loss for the financial year	(9,232)
<b>At 30 September 2015</b>	<b><u>(39,370)</u></b>

**18. Reconciliation of movements in shareholders' deficit**

	30 September 2015 £'000	30 September 2014 £'000
Opening shareholders' deficit	(11,972)	(13,606)
(Loss)/profit for the financial year	(9,232)	1,634
<b>Closing shareholders' deficit</b>	<b><u>(21,204)</u></b>	<b><u>(11,972)</u></b>

**19. Related party transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of TUI AG. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI AG. The Directors confirm that there are no other related party transactions which require disclosure.

**20. Ultimate parent company**

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is First Choice Marine Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website [www.tui-group.com](http://www.tui-group.com). No other financial statements include the results of the Company.