

Orion Airways Limited

**Report of the Directors and financial statements
for the year ended 30 September 2015**

Company number 1400743

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Orion Airways Limited
Report of the Directors for the year ended 30 September 2015

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

Principal activity

The Company ceased trading on 30 September 2014, has not traded during the year and is not expected to trade in the future.

Results and dividends

The Company's result on ordinary activities before taxation for the year ended 30 September 2015 was £nil (2014: profit £251,552). No dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Funding, liquidity and going concern

In the previous year's financial statements the Directors reported on the fact that the Company had ceased trading and that they intended to commence proceedings to dissolve the Company. The Company's only transaction in the current year was the settlement of group relief payable to other group undertakings. The Directors do not expect any future trading by the Company and still intend to commence proceedings to dissolve the Company. Consequently, the Directors of the Company have not applied the going concern basis of accounting in preparing the Company's financial statements for either the previous or current financial year. The adoption of this non-going concern basis has not resulted in any adjustments to the recognition, measurement or classification of assets and liabilities in either the previous or current years' financial statements.

Directors

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

S J Brann (appointed 14 March 2016)

C G McKinlay

The following Directors also served during the year:

T Taylor (resigned 24 March 2016)

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.

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, 'Financial Reporting Standard applicable in the UK and Republic of Ireland' for 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 Thomson Airways Limited ("TAL") is the holder of all of the issued shares of the Company, TAL is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should TAL 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.

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 TAL is no longer a shareholder of the Company.

Statement of Directors' responsibilities

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

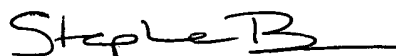
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and is therefore exempt from the requirement to prepare a Strategic Report.

On behalf of the Board



S J Brann
Director

Report on the financial statements

Our opinion

In our opinion, Orion Airways 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.

Emphasis of Matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of accounting. In the previous year's financial statements the Directors reported on the fact that the Company had ceased trading and that they intended to commence proceedings to dissolve the Company. The Company's only transaction in the current year was the settlement of group relief payable to other group undertakings. The Directors do not expect any future trading by the Company and still intend to commence proceedings to dissolve the Company. Accordingly, the going concern basis of preparation was no longer appropriate and the financial statements of both the previous and current years have been prepared on a basis other than going concern as described in note 1 to the financial statements. There have been no adjustments required to the recognition, measurement or classification of assets and liabilities in either the previous or current years' financial statements.

What we have audited

The financial statements, included within the Report 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 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.

What an audit of financial statements involves

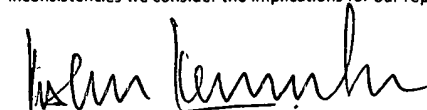
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 Report of the Directors and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
27 April 2016

Orion Airways Limited
Profit and loss account for the year ended 30 September 2015

		Year ended 30 September 2015	Year ended 30 September 2014
	Note	£	£
Administrative expenses		-	(25,172)
Exceptional income		-	276,724
Result / profit on ordinary activities before taxation	2	-	251,552
Tax on result / profit on ordinary activities	3	-	(113,752)
Result / profit for the financial year	8	-	137,800

The results stated above are all derived from discontinued operations.

There are no material differences between the result / profit on ordinary activities before taxation and the result / profit for the financial years stated above and their historical cost equivalents.

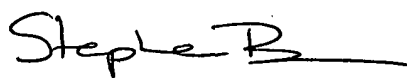
The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

Orion Airways Limited
Balance sheet as at 30 September 2015

		30 September 2015 £	30 September 2014 £
Current assets	Note		
Debtors: amounts falling due within one year	5	-	127,395
Creditors: amounts falling due within one year	6	(399,402)	(526,797)
Net current liabilities		<u>(399,402)</u>	<u>(399,402)</u>
Net liabilities		<u>(399,402)</u>	<u>(399,402)</u>
Capital and reserves			
Called-up share capital	7	1	1
Profit and loss account	8	(399,403)	(399,403)
Total shareholders' deficit	9	<u>(399,402)</u>	<u>(399,402)</u>

The notes on pages 6 to 9 form part of these financial statements.

The financial statements on pages 4 to 9 were approved by the Board on 27 April 2016 and signed on their behalf by:



S J Brann
Director

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom accounting standards 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 consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

Prior to the approval of the financial statements for the previous year, the Directors had decided that the Company will cease trading and that they intended to commence proceedings to dissolve the Company. The Company's only transaction in the current year was the settlement of group relief payable to other group undertakings. The Directors do not expect any future trading by the Company and still intend to commence proceedings to dissolve the Company. Accordingly, the going concern basis of preparation was no longer appropriate and the financial statements of both the previous and current years have been prepared on a basis other than going concern.

The adoption of this non-going concern basis has not resulted in any adjustments being required to the recognition, measurement or classification of assets and liabilities in either the previous or current years' financial statements.

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.

Taxation

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

2. Result / profit on ordinary activities before taxation

Result / profit on ordinary activities before taxation is stated after charging / (crediting):	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Depreciation	-	25,172
Profit on disposal of fixed assets	-	(276,724)

The Company had no employees in either the current or prior year.

The Directors received no remuneration for their services to the Company during the year (2014: £nil).

In the current and prior year the auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

3. Tax on result / profit on ordinary activities**(i) Analysis of tax charge in the year**

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Current tax:		
- Amount payable to fellow subsidiaries for group relief	-	113,752
Total tax charge on result / profit on ordinary activities	-	113,752

(ii) Factors affecting the current tax charge for the year

The current tax charge (2014: charge) for the year is the same as (2014: higher than) 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 £	Year ended 30 September 2014 £
Result / profit on ordinary activities before tax	-	251,552
Result / profit on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22.0%)	-	55,341
Effects of:		
- Taxable income in respect of transfer pricing	-	119,290
- Income not taxable	-	(60,879)
Current tax charge for the year	-	113,752

4. Investments

	Total £
Cost:	
At 1 October 2014 and 30 September 2015	2
Provisions for Impairment:	
At 1 October 2014 and 30 September 2015	(2)
Net book value:	
At 30 September 2015	-
At 30 September 2014	-

Investments in subsidiary undertakings

Name of undertaking	Country of incorporation	Share class	% held directly by the Company	% held by Group companies
Orion Airways Pension Trustee Ltd	United Kingdom	£1.00 ordinary shares	100.00	100.00

Orion Airways Limited**Notes to the financial statements for the year ended 30 September 2015****5. Debtors: amounts falling due within one year**

	30 September 2015 £	30 September 2014 £
Amounts owed by Group undertakings	-	127,395

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

6. Creditors: amounts falling due within one year

	30 September 2015 £	30 September 2014 £
Amounts owed to Group undertakings	(399,402)	(162,276)
Group relief payable	-	(364,521)
	<u>(399,402)</u>	<u>(526,797)</u>

Amounts owed to Group undertakings are unsecured, interest-free and repayable on demand.

7. Called-up share capital

	30 September 2015 £	30 September 2014 £
Issued and fully paid		
1 (2014: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

8. Profit and loss account

	£
At 1 October 2014	(399,403)
Result for the financial year	-
At 30 September 2015	<u>(399,403)</u>

9. Reconciliation of movement in shareholders' deficit

	30 September 2015 £	30 September 2014 £
Opening shareholders' deficit	(399,402)	(537,202)
Result / profit for the financial year	-	137,800
Closing shareholders' deficit	<u>(399,402)</u>	<u>(399,402)</u>

10. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard Number 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.

11. 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 Thomson Airways 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. No other financial statements include the results of the Company.