

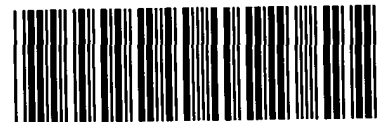
**Orion Airways Limited**

***Directors' report and financial statements***

**for the year ended 30 September 2014**

**Company number 1400743**

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The Directors present their report and the audited financial statements of Orion Airways Limited ("the Company") for the year ended 30 September 2014.

**Principal activity**

The Company owned leasehold property which was made available to its immediate parent company, Thomson Airways Limited, until 30 September 2014. On this date the Company sold the leasehold property to Thomson Airways Limited (Note 4). The Company is not expected to trade in the future.

On 11 December 2014 the merger of TUI Travel PLC, the Company's intermediate parent company, and TUI AG, the Company's ultimate parent company, became effective in accordance with the terms of a scheme of arrangement made under Part 26 of the Companies Act 2006 and TUI Travel PLC is now wholly-owned by TUI AG.

On 19 January 2015, following the re-registration of TUI Travel PLC as a private limited company, TUI Travel PLC changed its name to TUI Travel Limited. References to TUI Travel PLC within this Directors' Report and the financial statements are therefore synonymous with TUI Travel Limited with effect from this date.

**Results and dividends**

The Company's profit on ordinary activities before taxation for the year ended 30 September 2014 was £251,552 (2013: loss £27,461), which includes £276,724 relating to profit generated on the sale of its leasehold property (Note 4). No dividends were paid during the year (2013: £nil) and the Directors do not recommend the payment of a final dividend (2013: £nil).

**Funding, liquidity and going concern**

The Directors have considered the funding and liquidity position of the Company in light of the fact that it is not expected to trade in the future. The Directors intend to commence proceedings to dissolve the Company within twelve months of the date of approval of these financial statements. Consequently the Directors of the Company have not applied the going concern basis of accounting in preparing the Company's financial statements. This has not resulted in any adjustments to the recognition and measurement of assets and liabilities in these financial statements.

**Directors**

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

C G McKinlay  
T Taylor  
J Walter

**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**

Throughout the financial year and until 11 December 2014, the intermediate parent company, TUI Travel PLC, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. From 12 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 2006 Companies Act 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.

**Statement of Directors' responsibilities**

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

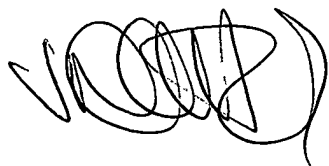
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company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



**J Walter**  
**Director**

Company Number 1400743

Dated 20 January 2015

## 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 2014 and of its profit 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 disclosures made in Note 1 to the financial statements concerning the basis of accounting. Following the year end the Directors have decided that the Company will cease trading during the next financial year and that they intend to commence proceedings to dissolve the Company. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements 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 and measurement of assets and liabilities in these financial statements.

### What we have audited

Orion Airways Limited's financial statements comprise:

- the Balance Sheet as at 30 September 2014;
- 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

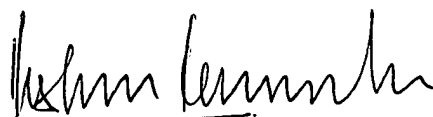
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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

20 January 2015

**Orion Airways Limited****Profit and loss account for the year ended 30 September 2014**

		<b>Year ended 30 September 2014</b>	<b>Year ended 30 September 2013</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Administrative expenses		<b>(25,172)</b>	<b>(27,461)</b>
Exceptional income	4	<b>276,724</b>	<b>-</b>
<b>Profit / (loss) on ordinary activities before taxation</b>	2	<b>251,552</b>	<b>(27,461)</b>
Tax on profit / (loss) on ordinary activities	3	<b>(113,752)</b>	<b>(121,507)</b>
<b>Profit / (loss) for the financial year</b>	8	<b>137,800</b>	<b>(148,968)</b>

The results stated above are all derived from discontinued operations.

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

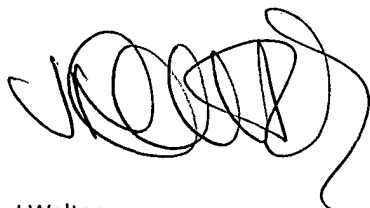
The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

**Orion Airways Limited**  
**Balance sheet as at 30 September 2014**

	Note	30 September 2014 £	30 September 2013 £
<b>Fixed assets</b>			
Tangible assets	4	-	503,448
		-	503,448
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	127,395	-
Creditors: amounts falling due within one year	6	(526,797)	(1,040,650)
<b>Net current liabilities</b>		<b>(399,402)</b>	<b>(1,040,650)</b>
<b>Total assets less current liabilities</b>		<b>(399,402)</b>	<b>(537,202)</b>
<b>Capital and reserves</b>			
Called-up share capital	7	1	1
Profit and loss account	8	(399,403)	(537,203)
<b>Total shareholders' deficit</b>	9	<b>(399,402)</b>	<b>(537,202)</b>

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

The financial statements were approved by the Board on 20 January 2015 and signed on their behalf by:



**J Walter**  
**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.

### Going concern

At 30 September 2014, the Company had net current liabilities and net liabilities. The Directors intend to commence proceedings to dissolve the Company within twelve months of the date of approval of these financial statements. Consequently the Directors of the Company have not applied the going concern basis of accounting in preparing the Company's financial statements. The comparative financial information continues to be prepared on a going concern basis.

The adoption of this non-going concern basis has not resulted in any adjustments to reclassify fixed assets as current assets or long term liabilities as current liabilities, to provide for costs on closure of the Company, or to impair assets to recoverable value.

### Cash flow

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking within the TUI Travel PLC group of companies ("the Group") and its cash flows are included within the consolidated cash flow statement of the Group.

### Tangible assets

Tangible assets are stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation.

Depreciation is charged on a straight-line basis to the residual value over the estimated useful lives of tangible fixed assets as follows:

Long-term leasehold property	50 years
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### Taxation

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

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.

### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which payment of the dividends becomes a legal obligation of the Company. For final dividends, this will be when they are approved by the Company. For interim dividends, this will be when they have been paid.

## 2. Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging / (crediting):	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Depreciation	25,172	27,461
Profit on disposal of fixed assets (Note 4)	(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 (2013: £nil). The Directors are also directors of a number of other Group subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the Group subsidiaries of which they are a director.

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 profit / (loss) on ordinary activities

### (i) Analysis of tax charge in the year

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Current tax:		
- Amount payable to fellow subsidiaries for group relief	113,752	121,507
<b>Total tax charge on profit / (loss) on ordinary activities</b>	<b>113,752</b>	<b>121,507</b>

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

The current tax charge (2013: charge) for the year is higher than (2013: different to) the standard rate of corporation tax in the UK of 22.0% (2013: 23.5%). The differences are shown below:

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Profit / (loss) on ordinary activities before tax	251,552	(27,461)
Profit / (loss) on ordinary activities at the standard rate of UK corporation tax of 22.0% (2013: 23.5%)	55,341	(6,453)
Effects of:		
- Taxable income in respect of transfer pricing	119,290	127,960
- Income not taxable	(60,879)	-
<b>Current tax charge for the year</b>	<b>113,752</b>	<b>121,507</b>



### 3. Tax on profit / (loss) on ordinary activities (continued)

#### (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. At the balance sheet date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 20% with effect from 1 April 2015. This reduction may reduce the Company's future current tax charges accordingly. There are no unprovided deferred tax liabilities nor unrecognised deferred tax assets at either 30 September 2014 or 30 September 2013.

### 4. Tangible fixed assets

	Long-term leasehold property £
<b>Cost:</b>	
1 October 2013	1,649,705
Disposals	(1,649,705)
<b>30 September 2014</b>	<b>-</b>
<b>Accumulated depreciation:</b>	
1 October 2013	(1,146,257)
Charge for the year	(25,172)
Disposals	1,171,429
<b>30 September 2014</b>	<b>-</b>
<b>Net book value:</b>	
<b>30 September 2014</b>	<b>-</b>
30 September 2013	503,448

On 30 September 2014 the Company sold its long-term leasehold property to Thomson Airways Limited, its immediate parent company, and recognised a profit on disposal of £276,724.

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

	30 September 2014 £	30 September 2013 £
Amounts owed by Group undertakings	<b>127,395</b>	-

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

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

	30 September 2014 £	30 September 2013 £
Amounts owed to Group undertakings	(162,276)	(506,239)
Group relief payable	(364,521)	(534,411)
	<b>(526,797)</b>	<b>(1,040,650)</b>

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

**7. Called-up share capital**

	30 September 2014 £	30 September 2013 £
<b>Issued and fully paid</b>		
1 (2013: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

**8. Profit and loss account**

	£
At 1 October 2013	(537,203)
Profit for the financial year	137,800
<b>At 30 September 2014</b>	<u><b>(399,403)</b></u>

**9. Reconciliation of movement in shareholders' deficit**

	30 September 2014 £	30 September 2013 £
Opening shareholders' deficit	(537,202)	(388,234)
Profit / (loss) for the financial year	<u>137,800</u>	<u>(148,968)</u>
<b>Closing shareholders' deficit</b>	<u><b>(399,402)</b></u>	<u><b>(537,202)</b></u>

**10. Related party transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI Travel PLC.

**11. Ultimate parent company**

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate holding company is Thomson Airways Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from the Company Secretary, TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website [www.tuitravelplc.com](http://www.tuitravelplc.com). 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).