Sunshine Cruises Limited

Reports of the Directors and financial statements

for the year ended 30 September 2015

Company number 3991465

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

STRATEGIC REPORT

Principal activity

The principal activity of the Company, a subsidiary undertaking within the TUI AG group of companies ("the Group"), continued to be that of a cruise operator and this trade continued until the end of October 2015 after which the Company's cruise ship ceased operations. The Company is not expected to trade in the future following disposal of the Company's cruise ship (Note 16).

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2015 was £1,873,000 (2014: £1,178,000 loss on ordinary activities before taxation) and includes an impairment charge of £7,415,000 (2014: £6,220,000) relating to the Company's cruise ship and associated fixtures and fittings (Note 6). No interim dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Revenue for the current year is showing a reduction of 10% from the previous year. However, underlying profitability, excluding the impairment charge, has improved by 10% on prior year, driven largely by lower operating costs, particularly discretionary maintenance costs, due to the decision to cease operating its cruise ship asset after October 2015.

The treasury function is managed centrally in the TUI AG Group of companies (the "Group") and supports the business activities and financial risks faced by the Company. This support includes setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future. The cash flows of the Company are managed centrally by the TUI UK & Ireland tour operator businesses, as are relationships with principal suppliers.

Key performance indicators

The following are key performance indicators of the business:

	2015	2014
Revenue		
Year on year revenue expressed as a percentage	**(10%)**	(1%)
	£'000	£'000
Gross loss	**(879)**	(209)
Loss on ordinary activities before taxation	**(1,873)**	(1,178)
Results on ordinary activities before taxation excluding impairment charge	**5,542**	5,042
Net assets	**33,270**	34,777

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-functional currency which therefore exposes the business to changes in exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs such as fuel 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 out-dated, 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.

- **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.

Principal risks and uncertainties (continued)

- **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 in the Group and the Directors of the ultimate parent undertaking, TUI AG. Further information on these risks, together with how these are mitigated, can be found on pages 103 -111 of the TUI AG Annual report and Accounts, 2014/15. Details of where these financial statements can be obtained are in Note 17 of these financial statements.

On behalf of the Board

F M Ellacott
Director
Company Number 3991465

Dated: 21 March 2016

DIRECTORS' REPORT

Business review

A fair review of the business, including an analysis of the development, performance and financial position of the Company, together with key performance indicators and a description of the principal risks and uncertainties facing the Company, has been included within the Strategic Report.

Directors

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

F M Ellacott	
J Gubbay	(appointed 24 September 2015)
C G McKinlay	(appointed 23 March 2015)

The following Directors served the Company during the year:

R Coldrake	(resigned 11 December 2015)
J Walter	(resigned 13 February 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.

Funding, liquidity and going concern

In the previous year's financial statements the Directors reported on the future intention to cease operating the Company's cruise ship after October 2015. The Company ceased operating its cruise ship on 31 October 2015 and subsequent to the year end the cruise ship has been disposed of (Note 16). The Directors expect that the company will become dormant in future financial years. 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 resulted in the reclassification of fixed assets as current assets in the previous financial year, and in adjustments to reduce the carrying value of assets to their estimated recoverable amounts in both the previous and current financial year.

DIRECTORS' REPORT (continued)

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 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 Holidays Limited ("FCHL") is the holder of all of the issued shares of the Company, FCHL is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should FCHL 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 FCHL is no longer a shareholder of the Company.

Post balance sheet events
Details of post balance sheet events can be found in Note 16.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Reports 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 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.

DIRECTORS' REPORT (continued)

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

F M Ellacott
Director

Dated: 21 March 2016

Company Number 3991465

Report on the financial statements

Our opinion

In our opinion, Sunshine Cruises 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.

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 preparation. During the year, and prior to the approval of the financial statements for the previous year, the Directors had decided that the Company will cease operating its cruise ship asset after October 2015 and the Company's assets will be disposed of. 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. Adjustments have been made in the previous and current year financial statements to reduce assets to their realisable values, and in the previous year to reclassify tangible fixed assets to current assets.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Reports 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 are not made. 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 pages 5-6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the 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 *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.

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

	Note	**Year ended 30 September 2015 £'000**	Year ended 30 September 2014 £'000
Turnover		**42,756**	47,653
Cost of sales		**(43,635)**	(47,862)
Gross loss		**(879)**	(209)
Administrative expenses	2	**(994)**	(969)
Loss on ordinary activities before taxation	3	**(1,873)**	(1,178)
Tax on loss on ordinary activities	5	**366**	226
Loss for the financial year	12	**(1,507)**	(952)

The results stated above are all derived from operations that discontinued at the end of October 2015.

There are no material differences between the loss (2014: loss) on ordinary activities before taxation and the loss (2014: loss) for the financial years stated above and their historical cost equivalents.

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

Sunshine Cruises Limited
Balance Sheet as at 30 September 2015

	Note	**30 September 2015 £'000**	30 September 2014 £'000
Current assets			
Tangible assets	6	**4,123**	13,202
Debtors	7	**37,956**	32,586
Cash at bank and in hand		**176**	143
		42,255	45,931
Creditors: amounts falling due within one year	8	**(8,585)**	(10,951)
Net current assets		**33,670**	34,980
Total assets less current liabilities		**33,670**	34,980
Provisions for liabilities	10	**(400)**	(203)
Net assets		**33,270**	34,777
Capital and reserves			
Called-up share capital	11	**30**	30
Profit and loss account	12	**33,240**	34,747
Total shareholders' funds	13	**33,270**	34,777

The notes on pages 10 to 16 form part of these financial statements.

The financial statements on pages from 8 to 16 were approved by the Board on 21 March 2016 and signed on their behalf by:

F M Ellacott
Director

Company Number 3991465

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.

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
During the year, and prior to the approval of the financial statements for the previous year, the Directors had decided that the Company will cease operating its cruise ship asset after October 2015 and the Company's assets will be disposed of. 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 Company's cruise ship has been disposed of after the year end (Note 16).

The adoption of this non-going concern basis resulted in the reclassification of fixed assets as current assets in the previous year. Adjustments were necessary to reduce assets to their estimated recoverable amount in both the previous and current years. No other adjustments arise from the decision.

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.

Turnover
All turnovers originates within the UK and represents the aggregate amount of revenue receivable (excluding VAT) from cruise operations and is recognised on the date of departure except for cancellation income, amendment income and onboard revenue which is recognised at the time of the transaction.

Marketing and other direct sales costs
Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as incurred, net of any contributions received from third parties to defray such costs.

Tangible assets and depreciation
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 assets as follows:

Owned ship	20 years
Owned ship: fixtures and fittings	3 – 10 years

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets.

1. Accounting policies (continued)

Impairment of fixed assets
The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount. Where a tangible fixed asset is classified as a current asset because of an expected disposal, recoverable amount is estimated using net realisable value.

Provisions
A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting to present value the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Foreign currency translation
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account

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.

Key accounting estimates and judgments
The preparation of the financial statements requires the Directors to make estimates and judgements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amount of revenue and expenses during the year. The Directors evaluate the estimates and judgements on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors they believe to be reasonable under the circumstances. Actual results may differ from estimates.

1. Accounting policies (continued)

Key estimates and judgements have been made in respect of the following area:

Owned ship carrying value
Judgements have been made in respect of the fair value on disposal in order to assess the recoverability of the owned ship. Detail of the carrying amount is provided in Note 6.

2. Administrative expenses

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Selling and marketing costs	**684**	951
Administrative expenses	**310**	18
	994	969

3. Loss on ordinary activities before taxation

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Loss on ordinary activities before taxation is stated after charging:		
Impairment of owned assets (Note 6)	**7,415**	6,220
Depreciation – owned assets (Note 6)	**2,219**	3,111
Management charges	**235**	-

On 27 November 2015 the Company disposed of the Island Escape cruise ship and related fixtures and fittings to a third party following cessation of trade on 31 October 2015. Consequently, at 30 September 2015 the Company has reassessed the net recoverable amount of the cruise ship based on the net disposal proceeds received by the Company (Note 6) and recognised an impairment charge in the current year of £7,415,000.

In both 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 the Company.

4. Employees' and Directors' remuneration

In both the current and prior year, the Company had no employees.

The remuneration of all of the Company's Directors was paid by other Group companies, which make no recharge to the Company, and they received no remuneration for their services as a Director of the Company.

5. Tax on loss on ordinary activities

(i) Analysis of tax credit in the year

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Current tax:		
Amounts payable to fellow subsidiaries for group relief	**279**	104
Adjustments in respect of prior years	**2**	-
Total current tax charge	**281**	104
Deferred tax:		
Origination and reversal of timing differences:		
- Current year	**(663)**	(363)
- Effect of reduction in UK corporation tax rate	**16**	33
Total deferred tax credit (Note 9)	**(647)**	(330)
Tax credit on loss on ordinary activities	**(366)**	(226)

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

The current tax charge for the year (2014: charge) 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 on ordinary activities before taxation	**(1,873)**	(1,178)
Loss on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22.0%)	**(384)**	(259)
Effects of:		
- Fixed asset timing differences	**663**	363
- Adjustments in respect of prior years	**2**	-
Current tax charge for the year	**281**	104

(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. There are no unprovided deferred tax liabilities nor unrecognised deferred tax assets at either 30 September 2015 or 30 September 2014.

6. Tangible assets

	Owned ship £'000	Owned ship: fixtures & fittings £'000	Total £'000
Cost:			
At 1 October 2014	69,024	34,575	103,599
Additions	-	555	555
Disposals	-	(489)	(489)
At 30 September 2015	**69,024**	**34,641**	**103,665**
Accumulated depreciation:			
At 1 October 2014	(64,669)	(25,728)	(90,397)
Impairment	(2,657)	(4,758)	(7,415)
Charge for the year	(340)	(1,879)	(2,219)
Disposals	-	489	489
At 30 September 2015	**(67,666)**	**(31,876)**	**(99,542)**
Net book value:			
At 30 September 2015	**1,358**	**2,765**	**4,123**
At 30 September 2014	4,355	8,847	13,202

On 27 November 2015 the Company disposed of the Island Escape cruise ship and related fixtures and fittings to a third party following cessation of trade on 31 October 2015. Consequently, at 30 September 2015 the Company has reassessed the recoverable amount of the cruise ship based on the net disposal proceeds received by the Company and recognised an impairment charge in the current year of £7,415,000.

7. Debtors

	30 September 2015 £'000	30 September 2014 £'000
Trade debtors	**448**	203
Amounts owed by Group undertakings	**30,932**	26,949
Group relief receivable	**380**	-
Deferred tax asset (Note 9)	**5,005**	4,358
Other debtors	**753**	658
Prepayments and accrued income	**438**	418
	37,956	32,586

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

8. Creditors: amounts falling due within one year

	30 September 2015 £'000	30 September 2014 £'000
Trade creditors	(1,789)	(2,796)
Amounts owed to Group undertakings	(820)	(410)
Group relief payable	-	(253)
Taxation and social security	(30)	(34)
Other creditors	(9)	(6)
Accruals and deferred income	(5,937)	(7,452)
	(8,585)	(10,951)

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

9. Deferred tax

The movement in deferred taxation during the year was:	£'000
At 1 October 2014	4,358
Credited to the profit and loss account in the year (Note 5)	647
At 30 September 2015	**5,005**

The elements of deferred taxation are as follows:	30 September 2015 £'000	30 September 2014 £'000
Fixed asset timing differences	5,005	4,358
Net deferred tax asset (Note 7)	5,005	4,358

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2015 or 30 September 2014.

10. Provisions for liabilities

	£'000
At 1 October 2014	(203)
Charged to the profit and loss account	(197)
At 30 September 2015	**(400)**

The above provision relates to outstanding litigation and customer class action claims. The provision is expected to be utilised within one year.

11. Called up share capital

	30 September 2015 £	30 September 2014 £
30,000 (2014: 30,000) ordinary shares of £1 each	30,000	30,000

12. Profit and loss account

	2015	2014
	£'000	£'000
At 1 October	**34,747**	35,699
Loss for the financial year	**(1,507)**	(952)
At 30 September	**33,240**	34,747

13. *Reconciliation of movement in shareholders' funds*

	2015	2014
	£'000	£'000
At 1 October	**34,777**	35,729
Loss for the financial year	**(1,507)**	(952)
At 30 September	**33,270**	34,777

14. 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 AG. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI AG.

15. Financial commitments

On 23 January 2015 the Company agreed to act as a guarantor to TUI AG's external bank revolving credit facilities of €1,750m which include a letter of credit tranche in an aggregate amount of €215m.

On 23 January 2015 the Company agreed to act as a guarantor to an indenture concerning €300m 4.5% senior notes due 2019 that have been issued by TUI AG.

16. Post balance sheet events

On 27 November 2015 the Company disposed of the Island Escape cruise ship and related fixtures and fittings to a third party following cessation of trade on 31 October 2015. Consequently, at 30 September 2015 the Company has reassessed the recoverable amount of the cruise ship based on the net disposal proceeds received by the Company and recognised an impairment charge in the current year of £7,415,000.

17. 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 Holidays 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.