Sunshine Cruises Limited
Reports of the Directors and financial statements
for the year ended 30 September 2014
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 2014.

STRATEGIC REPORT

Principal activity

The principal activity of the Company, a subsidiary undertaking within the TUI Travel PLC group of companies ("the Group"), continued to be that of a cruise operator and the Company expects this to continue until the end of October 2015 after which the Company's cruise ship will cease operations and the Company is not expected to trade (Note 16).

On 11 December 2014 the merger ("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 these Reports of the Directors and the financial statements are therefore synonymous with TUI Travel Limited with effect from this date.

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2014 was £1,178,000 (2013: £1,967,000 profit on ordinary activities before taxation) and includes an impairment charge of £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 (2013: £nil) and the Directors do not recommend the payment of a final dividend (2013: £nil).

Trading for the current year has been reasonably strong showing a less than 1% reduction from the previous year. However, underlying profitability, excluding the impairment charge, has improved significantly from the prior year, driven largely by lower operating costs, especially lower fuel costs.

As the Directors manage the Company in co-ordination with the management of the Group's Mainstream Sector businesses, which includes the Company, the development, performance and positioning of the Company is considered to be more appropriate at a Sector level. A fair review of the Sector is in the Business and Financial Review section on pages 57-58 of the TUI Travel PLC annual report and accounts, which does not form part of this report but is available from the address in Note 17.

The treasury function is managed centrally in 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 within the Mainstream Sector. The decrease in the net asset position of the Company results from its loss for the financial year.

Key performance indicators

As the Directors manage the Company in co-ordination with the management of the Mainstream Sector businesses, they take the view that analysis using financial and non-financial key performance indicators ("KPIs") for the Company alone is not necessary or appropriate for an understanding of the development, performance and positioning of its business.

The KPIs of the Mainstream Sector, which includes the Company, are on pages 38-41 in the KPI section of the Strategic Report and on pages 57-58 of the Business and Financial Review, both within the TUI Travel PLC annual report and financial statements. Details of where these accounts can be obtained are included in Note 17.

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

- **Consumer preferences and desires.** Price, product and digital solutions play a key part in the consumer's decision-making process. Consumer research and booking preferences are constantly evolving (from offline to online, and from desktop to mobile and tablet) with booking moving closer to the time of travel. A risk exists that we do not identify or respond quickly enough to changes in consumer preferences and do not keep up with the latest technological developments. The impact of this risk is that our market position comes under pressure resulting in lower short to medium-term growth rates and margins.

- **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.

- **Global financial factors.** Geo-political events continue to highlight the inherent risks within travel and tourism. The cross-border nature of trading exposes our business to fluctuations in exchange rates and complex tax laws. If we do not manage adequately the volatility of exchange rates or other rising input costs such as fuel costs we may suffer increased costs which may reduce demand resulting in lower revenue and/or margins. Further, there is always the risk that tax authorities may take a more strident approach in order to fund local fiscal deficits.

- **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.

- **Political volatility, natural catastrophes and outbreaks**. Providers of holiday and travel services are exposed to the inherent risk of domestic and/or international incidents affecting some of the countries/destinations within our operations. Failure to respond efficiently and effectively to large scale events will lead to significant operational disruption leading to reduced profits/larger losses caused by holiday cancellations and/or repatriation of customers and a general decline in consumer demand.

- **Regulatory environment.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, 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.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group. Further information on these risks, together with how these are mitigated, can be found on pages 45-50 of the TUI Travel PLC annual report and accounts.

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

Environmental matters
Environmental matters are managed and coordinated across the Group as a whole, and details of the Group's environmental issues and strategies are provided in the Sustainable Development section of the TUI Travel PLC annual report and accounts on pages 24-31.

On behalf of the Board

F M Ellacott
Director

Dated: 26 March 2015

Company Number 3991465

DIRECTORS' REPORT

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

R Coldrake
F M Ellacott
C G McKinlay (appointed 23 March 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
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 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
Following the year end the Directors have decided that the Company will cease trading after October 2015 and the Company's assets will be disposed of. Consequently, the Directors of the Company have not applied the going concern basis of accounting in preparing the Company's financial statements as at 30 September 2014. The adoption of this non-going concern basis has resulted in the reclassification of fixed assets as current assets. No adjustments were necessary to reduce assets to their realisable values or to provide for liabilities arising from the decision.

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.

Statement of Directors' responsibilities (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: 26 March 2015

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 2014 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 accounting. Following the year end the Directors have decided that the Company will cease trading after October 2015 and the Company's assets will be disposed of. 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. Adjustments have been made in these financial statements to reclassify fixed assets as current assets. No adjustments were necessary to reduce assets to their realisable values or to provide for liabilities arising from the decision.

What we have audited
Sunshine Cruises 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 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 4-5, 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 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 Reports 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
26 March 2015

Sunshine Cruises Limited
Profit and loss account for the year ended 30 September 2014

	Note	**Year ended 30 September 2014 £'000**	Year ended 30 September 2013 £'000
Turnover		**47,653**	48,083
Cost of sales		**(47,862)**	(46,507)
Gross (loss) / profit		**(209)**	1,576
Administrative and selling expenses	2	**(969)**	(1,574)
Other operating income	3	**-**	1,965
(Loss) / profit on ordinary activities before taxation	3	**(1,178)**	1,967
Tax on (loss) / profit on ordinary activities	5	**226**	(1,040)
(Loss) / profit for the financial year	12	**(952)**	927

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

There are no material differences between the loss (2013: profit) on ordinary activities before taxation and the loss (2013: profit) 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 2014

	Note	**30 September 2014 £'000**	30 September 2013 £'000
Fixed assets			
Tangible assets	6	-	19,512
		-	19,512
Current assets			
Tangible assets	6	**13,202**	-
Debtors	7	**32,586**	29,270
Cash at bank and in hand		**143**	342
		45,931	29,612
Creditors: amounts falling due within one year	8	**(10,951)**	(13,395)
Net current assets		**34,980**	16,217
Total assets less current liabilities		**34,980**	35,729
Provisions for liabilities	10	**(203)**	-
Net assets		**34,777**	35,729
Capital and reserves			
Called-up share capital	11	**30**	30
Profit and loss account	12	**34,747**	35,699
Total shareholders' funds	13	**34,777**	35,729

The notes on pages 9 to 16 form part of these financial statements.

The financial statements were approved by the Board on 26 March 2015 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
Following the year end the Directors have decided that the Company will cease trading after October 2015 and the Company's assets will be disposed of (Note 16). Consequently, the Directors of the Company have not applied the going concern basis of accounting in preparing the Company's financial statements as at 30 September 2014.

The adoption of this non-going concern basis has resulted in the reclassification of fixed assets as current assets. No adjustments were necessary to reduce assets to their realisable values or to provide for liabilities arising from the decision. The comparative financial information continues to be prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 30 September 2014 on a non-going concern basis.

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 turnover 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.

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.

1. Accounting policies (continued)

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 or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

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 volumes and discounted cash flows of future trading and 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 and selling expenses

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Selling and marketing costs	**951**	1,553
Administrative expenses	**18**	21
	969	1,574

3. (Loss) / profit on ordinary activities before taxation

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
(Loss) / profit on ordinary activities before taxation is stated after (crediting) / charging:		
Other operating income	**-**	(1,965)
Impairment of owned assets (Note 6)	**6,220**	-
Depreciation – owned assets (Note 6)	**3,111**	3,482

During the current year, the Island Escape cruise ship and related fixtures and fittings were subject to an impairment charge (included within Cost of sales) of £6,220,000 following assessment by management of the estimated recoverable amount which is based on the value in use of the assets (Note 6).

Other operating income of $3,125,000 (£1,965,000) was credited to the Profit and Loss account during the prior year following the non-performance of a contractual obligation by a third party.

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. These Directors are also directors of a number of fellow Group subsidiaries. It is therefore not possible to make an accurate apportionment of their remuneration in respect of the Company and each of the fellow Group subsidiaries of which they are a Director.

5. Tax on (loss) / profit on ordinary activities

(i) Analysis of tax (credit) / charge in the year

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Current tax:		
Amounts payable to / (receivable from) fellow subsidiaries for group relief	**104**	(765)
Total current tax	**104**	(765)
Deferred tax:		
Origination and reversal of timing differences:		
- Current year	**(363)**	1,227
- Effect of reduction in UK corporation tax rate	**33**	578
Total deferred tax (Note 9)	**(330)**	1,805
Tax (credit) / charge on (loss) / profit on ordinary activities	**(226)**	1,040

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

The current tax charge for the year (2013: credit) is different to (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 £'000	Year ended 30 September 2013 £'000
(Loss) / profit on ordinary activities before tax	**(1,178)**	1,967
(Loss) / profit on ordinary activities at the standard rate of UK corporation tax of 22.0 % (2013: 23.5%)	**(259)**	462
Effects of:		
- Fixed asset timing differences	**363**	(1,227)
Current tax charge / (credit) for the year	**104**	(765)

(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. Therefore, at 30 September 2014, deferred tax assets and liabilities have been calculated based on a rate of 20% where the temporary difference is expected to reverse after 1 April 2015. This reduction may also reduce the Company's future current tax charges accordingly.

6. Tangible assets

	Owned ship £'000	Owned ship: fixtures & fittings £'000	Total £'000
Cost:			
At 1 October 2013	**69,024**	**37,167**	**106,191**
Additions	**-**	**3,021**	**3,021**
Disposals	**-**	**(5,613)**	**(5,613)**
At 30 September 2014	**69,024**	**34,575**	**103,599**
Accumulated depreciation:			
At 1 October 2013	(61,831)	(24,848)	(86,679)
Impairment	(2,267)	(3,953)	(6,220)
Charge for the year	(571)	(2,540)	(3,111)
Disposals	-	5,613	5,613
At 30 September 2014	**(64,669)**	**(25,728)**	**(90,397)**
Net book value:			
At 30 September 2014	**4,355**	**8,847**	**13,202**
At 30 September 2013	7,193	12,319	19,512

During the current year, the Island Escape cruise ship and related fixtures and fittings were subject to an impairment charge (included within Cost of sales) of £6,220,000 following assessment by management of the estimated recoverable amount which is based on the value in use of the assets. Since the balance sheet date the Company has decided to cease operations for this ship at the end of October 2015 (Note 16), and consequently has reclassified these assets from fixed assets to current assets in the balance sheet. This decision has not led to any further impairment as the expected recoverable amount through disposal, based on third party valuations obtained at year end, is higher than the carrying amount above.

7. Debtors

	30 September 2014 £'000	30 September 2013 £'000
Trade debtors	**203**	311
Amounts owed by Group undertakings	**26,949**	24,286
Deferred tax asset (Note 9)	**4,358**	4,028
Other debtors	**658**	123
Prepayments and accrued income	**418**	522
	32,586	29,270

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

8. Creditors: amounts falling due within one year

	30 September 2014 £'000	30 September 2013 £'000
Trade creditors	**(2,796)**	(1,387)
Amounts owed to Group undertakings	**(410)**	(56)
Group relief payable	**(253)**	(2,122)
Taxation and social security	**(34)**	(34)
Other creditors	**(6)**	-
Accruals and deferred income	**(7,452)**	(9,796)
	(10,951)	(13,395)

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 2013	4,028
Credited to the profit and loss account in the year (Note 5)	330
At 30 September 2014	**4,358**

The elements of deferred taxation are as follows:	**30 September 2014 £'000**	30 September 2013 £'000
Fixed asset timing differences	**4,358**	4,028
Net deferred tax asset (Note 7)	**4,358**	4,028

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2014 or 30 September 2013.

10. Provisions for liabilities

	£'000
At 1 October 2013	-
Charged to the profit and loss account	(203)
At 30 September 2014	**(203)**

The above provision relates to customer class action claims that were outstanding at the balance sheet date. This provision is expected to be utilised within one year.

11. Called-up share capital

	30 September 2014 £	30 September 2013 £
30,000 (2013: 30,000) ordinary shares of £1 each	**30,000**	30,000

On 9 September 2013 the Company's share capital was reduced from 64,000,002 ordinary shares of £1 each to 30,000 ordinary shares of £1 each by cancelling and extinguishing in full 63,970,002 ordinary shares and transferring the amount paid up to the Company's profit and loss account (Note 12).

12. Profit and loss account

	2014 £'000	2013 £'000
At 1 October	35,699	(29,198)
Capital reduction (Note 11)	-	63,970
(Loss) / profit for the financial year	(952)	927
At 30 September	**34,747**	35,699

13. Reconciliation of movement in shareholders' funds

	2014 £'000	2013 £'000
At 1 October	35,729	34,802
(Loss) / profit for the financial year	(952)	927
At 30 September	**34,777**	35,729

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 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.

In the normal course of business the Company did not undertake any transactions with its ultimate parent company TUI AG, subsidiaries of TUI AG and with entities that are not wholly-owned by TUI Travel PLC.

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. Also on that date 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 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. Also on that date 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.

On 23 February 2015 the management of the Company approved a proposal to cease commercial use of the Company's cruise ship beyond the end of the summer 2015 season, which ends in October 2015, and seek to dispose of the ship for maximum value.

17. 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 and controlling party. The intermediate holding company is TUI Travel PLC. The immediate holding company is First Choice Holidays 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. 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.