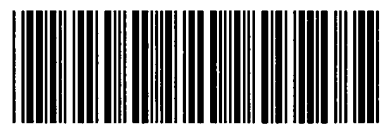


Thomas Cook Group Treasury Limited
Annual report and financial statements
for the year ended 30 September 2016

Registered number: 6575598

WEDNESDAY



A5ZBWKBE

A14

01/02/2017

#204

COMPANIES HOUSE

Thomas Cook Group Treasury Limited

Annual report and financial statements for the year ended 30 September 2016

Contents	Page
Strategic report	2
Directors' report	4
Independent auditors' report to the members of Thomas Cook Group Treasury Limited	7
Income statement	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Thomas Cook Group Treasury Limited

Strategic report

The Directors present their Strategic report for the year ended 30 September 2016.

Business review and principal activities

Thomas Cook Group Treasury Limited ('the Company') is a wholly owned subsidiary of Thomas Cook Group plc ('TCG plc' or 'the Group').

The principal activities of the Company comprise the provision of banking facilities, cash management and management of the interest rate, fuel and currency exposure of the Thomas Cook Group. The Company will continue to participate in these activities for the foreseeable future. The profit on ordinary activities before taxation for the year ended 30 September 2016 was £20.1m (2015: £7.8m loss).

Due to the activity of the business no sales are generated by Thomas Cook Group Treasury Limited and its performance is determined by the results of any hedging activity undertaken on behalf of the Group.

The balance sheet is largely made up of intercompany loan balances, cash at bank and in hand, derivatives, bank loans and overdrafts, and commercial paper. The position of these balances is influenced by the requirements of fellow subsidiaries and external markets.

Key performance indicators

The Directors of Thomas Cook Group plc manage the Group's operation on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of its business. The development, performance and position of the Corporate segment of the Group, which include the results of the Company, are discussed in the financial review on page 38 of the Group's Annual Report and Accounts which does not form part of this report.

Principal risks and uncertainties

The following factors may affect the Company's operating results and/or financial condition. The risk factors described below are those which the Directors believe are potentially significant but this should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties related to the Company.

Interest rate and exchange rate

Interest rate risk arises from the extent to which the Company holds interest rate sensitive assets or is exposed to interest rate sensitive liabilities.

Exchange rate risk arises principally because the Company holds assets and liabilities which are denominated in currencies other than sterling.

The Company's principal exposure to exchange rate fluctuations is in relation to the US Dollar/Sterling and Euro/Sterling exchange rates.

Thomas Cook Group Treasury Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity and counterparty risks

Liquidity risk arises if the Company is unable to meet its financial commitments as they fall due. The Company manages the seasonal nature of its liquidity by making use of its bank facility, and liquidity swaps to manage short-term currency positions. Surplus short-term liquidity is invested in accordance with approved treasury policy.

The Company is exposed to counterparty risk in relation to cash, derivatives with a positive fair value and trade and other receivables.

Operational risks

Operational risks, which are inherent in all business activities, include those which mainly result from a potential breakdown in the Company's control of its human, physical and operating resources. The potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems, and poor product design or delivery all fall within this category.

Capital risk

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to the owners of the Company (as shown on the balance sheet). The Company's objectives when managing capital is to safeguard the Group's ability to continue as a going concern.

Group risks are discussed in the Group's Annual Report and Accounts which does not form part of this Report. A copy of the Group's Annual Report and Accounts can be viewed on www.thomascookgroup.com.

The Strategic report has been approved and is signed on behalf of the Board by:



C Corner

Director

6th January 2017

Registered Office:
Westpoint,
Peterborough Business Park, Lynch Wood
Peterborough, PE2 6FZ

Thomas Cook Group Treasury Limited

Directors' report

The Directors present their Annual Report on the affairs of Thomas Cook Group Treasury Limited, together with the audited financial statements and independent auditors' report, for the year ended 30 September 2016.

Environment

Thomas Cook Group plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual Report and Accounts, and do not form part of this Report.

Financial risk management

Financial risks to the Company and management of these risks have been disclosed in the Strategic Report on page 2.

Registered office

The address of the registered office is Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6FZ.

Supplier payment policy

It is the Company's policy to comply with the terms of payment agreed with suppliers. Where payment terms are not negotiated, the Company endeavours to adhere to suppliers' standard terms.

Charitable and political contributions

The Company made no charitable or political donations during the year (2015: £nil).

Dividends

The Directors do not recommend the payment of a dividend in respect of the year (2015: £nil).

Directors

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

Thomas Cook Group Management Services Limited

Mr J O'Neill

Mr C Corner (appointed 6th January 2016)

Company Secretary

Ms. S Bradley

Directors' indemnities

In accordance with its Articles, the Company has granted a qualifying third party indemnity, to the extent permitted by law, to each Director which was in force during the year and as at the date of approval of these financial statements. The Company also maintains Directors' and Officers' liability insurance.

Thomas Cook Group Treasury Limited

Directors' report (continued)

Provision of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved, the following applies:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP provided an independent audit opinion in respect of the financial statements dated 30th September 2016. An audit tender was conducted for the audit of the financial year ended 30th September 2017 onwards. A resolution will be proposed at the next Annual General Meeting to appoint Ernst & Young LLP as the auditors of the Company.

Future developments

The Directors are not aware at the date of this report of any likely major changes in the Company's activities in the next year.

Events since the balance sheet date

On the 8th December 2016, Thomas Cook Group refinanced its existing long-term debt through the issuance of a €750m bond with a maturity of June 2022. The proceeds received were used to fully repay the €525m bond due to mature in 2020, and the £300m bond due to mature in 2017. Thomas Cook Group Treasury Limited remains a part of the group of Thomas Cook entities who act as guarantors for the bonds.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intend to support the Company for at least one year after these financial statements are signed.

Employees

As the Company has no direct employees (2015: nil), the Directors do not consider it necessary to report on employment policies.

Thomas Cook Group Treasury Limited

Directors' report (continued)

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' report has been approved and is signed on behalf of the Board by:



C Corner
Director
6th January 2017

Registered Office:
Westpoint,
Peterborough Business Park, Lynch Wood
Peterborough, PE2 6FZ

Thomas Cook Group Treasury Limited

Independent Auditors' Report to the Members of Thomas Cook Group Treasury Limited

Report on the financial statements

Our opinion

In our opinion, Thomas Cook Group Treasury 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 2016 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.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 September 2016;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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 Strategic Report and the Directors' Report 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.

Thomas Cook Group Treasury Limited

Independent Auditors' Report to the Members of Thomas Cook Group Treasury Limited (continued)

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 page 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

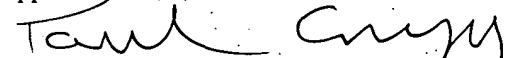
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



Paul Cragg (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6th January 2017

Thomas Cook Group Treasury Limited
Income statement
For the year ended 30 September 2016

		Year ended 30 September 2016 £000	Year ended 30 September 2015 £000
	Note		
Other operating income		25,007	2,470
Other operating charges		-	-
Operating profit		25,007	2,470
Interest receivable and similar income	4	94,231	81,785
Interest payable and similar charges	5	(99,145)	(92,093)
Profit/ (loss) on ordinary activities before taxation	6	20,093	(7,838)
Tax on profit/ (loss) on ordinary activities	7	7,539	14,153
Profit for the financial year		27,632	6,315
Attributable to Equity shareholders		27,632	6,315

The result for the year is wholly attributable to the continuing operations of the Company.

Thomas Cook Group Treasury Limited
Statement of comprehensive income
For the year ended 30 September 2016

	Year ended 30 September 2016 £000	Year ended 30 September 2015 £000
Profit for the financial year	27,632	6,315
Total comprehensive income for the year	<u>27,632</u>	<u>6,315</u>
Attributable to Equity shareholders	<u>27,632</u>	<u>6,315</u>

There is no other comprehensive income for the year (2015: £nil)

Thomas Cook Group Treasury Limited

Registered number: 6575598

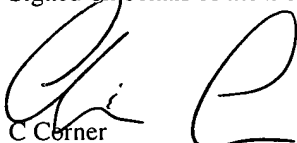
Balance sheet

As at 30 September 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	8	5,000	5,000
Derivative financial instruments	13	28,672	37,965
Deferred tax asset	7	25,313	16,327
Current assets			
Debtors	9	5,681,262	4,057,529
Cash at bank and in hand	10	949,099	948,806
Derivative financial instruments	13	233,652	289,442
Total assets		6,922,998	5,355,069
Current liabilities			
Creditors: amounts falling due within one year	11	(6,509,317)	(4,956,440)
Bank loans and overdrafts	12	(228,692)	(164,971)
Derivative financial instruments	13	(221,751)	(286,361)
Net current liabilities		(95,747)	(111,995)
Total assets less current liabilities		(36,762)	(52,703)
Non-current liabilities			
Bank loans and overdrafts	12	7,386	9,434
Derivative financial instruments	13	(12,860)	(26,599)
		(5,474)	(17,165)
Net liabilities		(42,236)	(69,868)
Capital and reserves			
Called up share capital	15	-	-
Revaluation reserve		475	475
Profit and loss account		(42,711)	(70,343)
Total shareholders' deficit		(42,236)	(69,868)

The financial statements on pages 9 to 28 were approved by the Board of directors and authorised for issue on 6th January 2017.

Signed on behalf of the Board



C Corner

Director

6th January 2017

Registered Office:

Westpoint,

Peterborough Business Park, Lynch Wood

Peterborough, PE2 6FZ

Thomas Cook Group Treasury Limited
Statement of changes in equity
As at 30 September 2016

	Called up share capital £000	Profit and loss account £000	Revaluation reserve £000	Total shareholders' funds £000
At 30 September 2014 and at 1 October 2014	-	(76,658)	475	(76,183)
Profit and total comprehensive income for the financial year	-	6,315	-	6,315
At 30 September 2015 and at 1 October 2015	-	(70,343)	475	(69,868)
Profit and total comprehensive income for the financial year	-	27,632	-	27,632
Balance at 30 September 2016	-	(42,711)	475	(42,236)

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

1. General information

Thomas Cook Group Treasury Limited ('the Company') is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic report. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc (the 'Group'), a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies.

Adoption of new or amended standards and interpretations in the current year

In the current year, no new or amended standards have been adopted.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. The principal accounting policies have been consistently applied throughout the financial year.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Disclosures relating to financial instruments and capital management are still present in the financial statements as the Company meets the definition of a financial institution in FRS 100.

Where relevant, equivalent disclosures have been given in the group financial statements of Thomas Cook Group plc. The group financial statements of Thomas Cook Group plc are available to the public and can be obtained as set out in note 17.

The financial statements have been prepared under the historical cost convention, except for revaluation of certain derivative financial instruments. The principal accounting policies adopted are set out below.

Consolidated financial statements

The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in Great Britain, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

2. Significant accounting policies (continued)

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intends to support the Company for at least one year after these financial statements are signed.

Operating income and charges

This comprises net foreign exchange gain or loss. It also includes adjustments relating to bad debts in relation to amounts due from Group undertakings. Bank charges and professional fees have also been included within this amount.

Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

Group policy is not to pay for group relief.

Foreign currency

The functional and presentation currency of the Company is sterling.

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is recorded in the income statement.

Investments

Investments are shown at net asset value based on date of acquisition, less provision for impairment. The investment is reviewed for impairment annually.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank deposits repayable on demand, and other short-term highly liquid investments with original maturities of three months or less.

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

2. Significant accounting policies (continued)

Debtors

Debtors are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evident of a reduction in the recoverability of the cash flows. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Creditors: amounts falling due within one year

Amounts falling due within one year are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

Derivative financial instruments

The Company uses derivative financial instruments to hedge exposures to interest rate, foreign exchange and fuel price risks arising from operational, financing and investment activities for the Group. In accordance with the Company's policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. The fair values of derivatives have been calculated using discounted cash flow analysis apart from options which are calculated using the Black-Scholes model. Changes in the fair value of derivatives are recognised in the income statement, as the Company does not seek to achieve hedge accounting.

Derivatives are presented on the balance sheet on a gross basis. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months.

Bank loans and overdrafts

Interest bearing borrowings are recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Recoverable amounts of investments

Judgments have been made in respect of the amounts of future operating cash flows to be generated by certain of the Company's businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for investments in relation to those businesses.

Recoverable amounts of loans and receivables

Judgments have been made in respect of the amounts of future cash flows to be generated by loans and receivables held by the Company, in order to assess whether there has been any impairment of the amounts included in the balance sheet in relation to those loans and receivables.

Valuation of derivative financial instruments

Judgements have been made in respect of the valuation methodology used to value the Company's derivative financial instruments. Refer to Note 13 for descriptions of the methods used.

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

3. Business and geographical segments

The Company has only one principal activity, namely the management of the financial risks to the Thomas Cook Group of foreign currency denominated transactions, fuel purchasing and liquidity management. All results relate to this activity. The Company geographical segment is the UK.

4. Interest receivable and similar income

	2016 £000	2015 £000
Bank interest receivable	3,212	4,091
Interest from group affiliates	91,019	77,694
	<u>94,231</u>	<u>81,785</u>

5. Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on bank borrowings	(18,045)	(27,783)
Interest to group affiliates	(81,100)	(64,310)
	<u>(99,145)</u>	<u>(92,093)</u>

6. Profit/ (loss) on ordinary activities before taxation

Profit/ (loss) on ordinary activities before taxation has been arrived at after crediting:

	2016 £000	2015 £000
Net foreign exchange gains	21,058	2,030
Net interest rate derivative gains	4,446	632

Audit fees of £500 (2015: £500) were borne by Thomas Cook Group plc during both accounting periods for the audit of the statutory financial statements, with no recharge made to the Company. No other fees were incurred by the Company in respect of non audit related services. The Company has no employees (2015: nil). The emoluments of the Company's directors were borne by Thomas Cook Group plc, the Company's ultimate parent undertaking, during both accounting years with no recharge made as the amounts were minimal.

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

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

	2016	2015
	£000	£000
Analysis of the tax (credit) in the year		
Adjustment in respect of prior years	1,322	3,412
Deferred tax – movement in current year	(8,986)	(16,333)
UK corporation tax charge/(credit) for the year	125	(1,232)
	<u>(7,539)</u>	<u>(14,153)</u>
Tax (credit)	<u>(7,539)</u>	<u>(14,153)</u>

Corporation tax is calculated at 20% (2015: 20.5%) of the estimated assessable profit for the period.

The tax (credit) for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£000	£000
Profit/ (loss) on ordinary activities before taxation	20,093	(7,838)
Profit/ (loss) before tax multiplied by the current tax rate of 20% (2015: 20.5%)	4,019	(1,607)
Effects of:		
Adjustment in respect of prior years	1,322	3,412
Expenses not deductible for tax purposes	64	-
Tax on overseas earnings	125	-
Transfer pricing adjustment	(12,149)	(7,867)
Deferred tax not previously recognised	(13,118)	(18,285)
Deferred tax effect of reduction in the main rate of Corporation Tax	1,478	402
Group relief for nil consideration	10,720	9,792
Tax (credit) for the year	<u>(7,539)</u>	<u>(14,153)</u>

Finance Act 2013 included legislation to reduce the main rate of Corporation Tax to 21% with effect from 1st April 2014 and 20% with effect from 1st April 2015. Further reductions in the main rate of Corporation Tax in the UK to 19% from 1st April 2017 and 18% from 1st April 2020 were enacted by Finance (No.2) Act 2015. Finance Act 2016 included legislation enacting a further reduction in the main rate of Corporation Tax to 17% from 1st April 2020.

Deferred tax

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

7. Tax on (loss)/profit on ordinary activities (continued)

The offset amounts are as follows:

	2016 £000	2015 £000
Deferred tax assets	30,717	19,216
Deferred tax liabilities	(5,404)	(2,889)
	<hr/>	<hr/>
Deferred tax assets (net)	25,313	16,327
	<hr/> <hr/>	<hr/> <hr/>

The gross movement on the deferred income tax account during the year was a charge of £25.3m (2015: £16.3m).

Movements on the deferred taxation assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets/(liabilities)

	Fair value of derivative financial instruments £000	Tax losses £000	Total £000
At 30 September 2014	(229)	223	(6)
(Charged)/credited to the income statement	(2,660)	18,993	16,333
	<hr/>	<hr/>	<hr/>
At 30 September 2015	(2,889)	19,216	16,327
(Charged)/credited to the income statement	(2,515)	11,501	8,986
	<hr/>	<hr/>	<hr/>
At 30 September 2016	(5,404)	30,717	25,313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At the balance sheet date, the company had unused tax losses of £272.3m (2015: £281.4m) available for offset against future profits. In addition, the company had short term timing differences of £27.7m (2015: £14.4m) that will be chargeable in later periods. No deferred tax asset has been recognised in respect of unused tax losses of £110.6m (2015: £185.3m) due to the unpredictability of future profits.

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

8. Investments

	2016	2015
	£000	£000
Cost		
At 30 September 2015	5,000	5,000
Movement during the year	-	-
	<u>5,000</u>	<u>5,000</u>
At 30 September 2016	<u>5,000</u>	<u>5,000</u>

On 28 April 2014 Thomas Cook Group Treasury Limited acquired 500,000 ordinary shares (100% ownership) with a nominal value of £1 each and a premium of £9 each with VA Insurance Services Limited. VA Insurance Services Limited is incorporated in the Isle of Man.

The investment has been reviewed for impairment by the Directors. No allowance for impairment has been made as at 30 September 2016.

9. Debtors

	2015	2015
	£000	£000
Amounts falling due within one year:		
Amounts owed by Group undertakings	5,681,177	4,057,433
Prepayments and accrued income	85	96
	<u>5,681,262</u>	<u>4,057,529</u>

Amounts owed by Group undertakings are repayable on demand. Interest on amounts is charged at the appropriate interbank interest rate plus a 0-3.5% margin. The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

No allowance for impairment has been made as at 30 September 2016 (2015: £nil).

As at 30 September 2016 and 30 September 2015 all of the trade and other receivables were neither past due nor impaired.

10. Cash at bank and in hand

	2016	2015
	£000	£000
Cash at bank and in hand	<u>949,099</u>	<u>948,806</u>

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value.

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

11. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Interest payable	(2,564)	(2,816)
Amounts due to Group undertakings	(6,502,423)	(4,950,741)
Taxation payable	(4,330)	(2,883)
	<u>(6,509,317)</u>	<u>(4,956,440)</u>

Amounts owed to subsidiary undertakings are repayable on demand. Interest is charged at the appropriate interbank interest rate. The Directors consider that the carrying amount of creditors approximate their fair value.

12. Bank loans and overdrafts

	2016	2015
	£000	£000
Short-term borrowings		
Bank loans and overdrafts	(111,091)	(10,153)
Commercial paper	(117,601)	(154,818)
	<u>(228,692)</u>	<u>(164,971)</u>
 Long term borrowings		
Committed credit facility (including transaction costs)	<u>7,386</u>	<u>9,434</u>

As at 30 September 2016, there was £19.5m (2015: £46.6m) drawn under the revolving credit facility (see below).

The Directors consider that the carrying amount of borrowings approximate their fair value.

Borrowing facilities

As at 30 September 2016, the Company had undrawn committed debt facilities of £480.5m (2015: £453.4m). Whilst these facilities have certain financial covenants they are not expected to prevent full utilisation of the facilities if required. The Company has complied with its financial covenants throughout the year.

13. Derivative financial instruments

Foreign currency derivatives

The Company utilises foreign currency derivatives to hedge significant future transactions and cash flows on behalf of Group Companies. The Company is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets. The contracts are between the Company and external counterparties and the

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

13. Derivative financial instruments (continued)

Foreign currency derivatives (continued)

Company and fellow Group subsidiaries. In addition, the Company enters into foreign currency derivatives with external counterparties to manage its own exchange rate risk.

The Company's foreign currency derivatives are recorded at their fair value at the balance sheet date.

Fuel derivatives

The Company is party to a variety of fuel forward contracts and options in the management of the Group's jet fuel exposures. The instruments purchased are denominated in US dollars and Euro. The contracts are between the Company and the external counterparties and the Company and fellow Group subsidiaries.

The Company's fuel derivatives are recorded at their fair value at the balance sheet date.

Interest rate derivatives

The Company is subject to risks arising from interest rate movements and utilises interest rate swaps to manage interest rate risk. The Company also utilises interest rate swaps to hedge interest rate risk and exchange rate risk on behalf of fellow Group subsidiaries. The contracts are between the Company and external counterparties.

The Company's interest rate derivatives are recorded at their fair value at the balance sheet date.

Fair value hierarchy

The fair value of the Company's derivative financial instruments is disclosed in hierarchy levels depending on the valuation method applied. The different methods are defined as follows:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments

Level 2: valued using techniques based on information that can be obtained from observable market data

Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data.

The fair value of the Company's derivative financial assets of £262.3m (2015: £327.4m) and liabilities of £234.6m (2015: £313.0m) at 30 September 2016 is a net asset of £27.7m (2015: £14.4m asset). All derivative financial instruments at 30 September 2016 and at 30 September 2015 would be defined as Level 2 based on the definitions above.

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

13. Derivative financial instruments (continued)

Fair Value

The fair value of derivative financial instruments has been set out below:

	2016	2015
	£000	£000
Non-current assets		
Foreign currency derivatives	8,914	7,384
Fuel derivatives	3,946	19,216
Interest rate derivatives	15,812	11,365
	<u>28,672</u>	<u>37,965</u>
Current assets		
Foreign currency derivatives	155,325	120,929
Fuel derivatives	78,327	168,513
Interest rate derivatives	-	-
	<u>233,652</u>	<u>289,442</u>
Current liabilities		
Foreign currency derivatives	(153,076)	(117,848)
Fuel derivatives	(68,675)	(168,513)
Interest rate derivatives	-	-
	<u>(221,751)</u>	<u>(286,361)</u>
Non-current liabilities		
Foreign currency derivatives	(8,914)	(7,384)
Fuel derivatives	(3,946)	(19,215)
Interest rate derivatives	-	-
	<u>(12,860)</u>	<u>(26,599)</u>

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

13. Derivative financial instruments (continued)

Carrying values of financial assets and liabilities

The carrying values of the Company's financial assets and liabilities as at 30 September 2016 and 30 September 2015 are as set out below.

	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
At 30 September 2016			
Debtors	-	5,681,262	-
Cash at bank and in hand	-	949,099	-
Creditors: amounts falling due within one year	-	-	(6,509,317)
Bank loans and overdrafts	-	-	(228,692)
Derivative financial instruments - assets	262,324	-	-
- liabilities	(234,611)	-	-
At 30 September 2016	27,713	6,630,361	(6,738,009)

	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
At 30 September 2015			
Debtors	-	4,057,529	-
Cash at bank and in hand	-	948,806	-
Creditors: amounts falling due within one year	-	-	(4,956,440)
Bank loans and overdrafts	-	-	(164,971)
Derivative financial instruments - assets	327,407	-	-
- liabilities	(312,960)	-	-
At 30 September 2015	14,447	5,006,335	(5,121,411)

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

13. Derivative financial instruments (continued)

The fair values of derivative instruments as at 30 September 2016 are set out below:

	Currency and fuel contracts £000	Interest rate contracts £000
At 1 October 2014	(9,617)	10,733
Movement in fair value during the year	12,698	633
At 1 October 2015	3,081	11,366
Movement in fair value during the year	8,820	4,446
At 30 September 2016	11,901	15,812

	2016 £000	2015 £000
Non-current assets	28,672	37,965
Current assets	233,652	289,442
Current liabilities	(221,751)	(286,361)
Non-current liabilities	(12,860)	(26,599)
	27,713	14,447

Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.

	Gross amounts of recognised financial assets/(liabilities) £000	Gross amounts of recognised financial (liabilities)/ assets set off in the balance sheet £000	Related amounts not set off in the balance sheet	Net amounts presented in the balance sheet £000	Financial instruments £000	Net Amount £000
As at 30 September 2016						
Derivative financial assets	262,324	-	262,324	(167,846)		94,478
Derivative financial liabilities	(234,611)	-	(234,611)	167,846		(66,765)
Cash at bank and in hand	949,099	-	949,099	-		949,099
Bank overdrafts	(111,091)	-	(111,091)	-		(111,091)
Total	865,721	-	865,721	-		865,721

Thomas Cook Group Treasury Limited
Notes to the financial statements
For the year ended 30 September 2016

13. Derivative financial instruments (continued)

				Related amounts not set off in the balance sheet	
	Gross amounts of recognised financial assets/(liabilities)	Gross amounts of recognised financial (liabilities)/ assets set off in the balance sheet	Net amounts presented in the balance sheet	Financial instruments	Net Amount
As at 30 September 2015	£000	£000	£000	£000	£000
Derivative financial assets	327,407	-	327,407	(202,401)	125,006
Derivative financial liabilities	(312,960)	-	(312,960)	202,401	(110,559)
Cash at bank and in hand	948,806	-	948,806	-	948,806
Bank overdrafts	(10,153)	-	(10,153)	-	(10,153)
Total	953,100	-	953,100	-	953,100

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

14. Financial Risk

Capital management

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Key aspects of the managing the Group's capital include:

- Effective management of the Groups financing facilities and operational liquidity and working capital management, enabling the Group to meet its financial commitments as they fall due
 - Efficient management of Group exposures to foreign currency, interest rate, commodity price and financial credit risks in accordance with TCG plc Board approved policies
 - Enhancing the Group's credit rating over the medium term
 - Maintaining strong relationships with its banks, rating agencies and other credit providers
- Compliance with all financial covenants and other requirements under the Group financing facilities

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

14. Financial Risk (continued)

Credit risk

The Company's principal financial assets are amounts owed by Group undertakings, cash at bank and in hand, and derivative financial instruments.

The credit risk attributable to amounts owed by Group undertakings is indirectly managed by the monthly monitoring of the financial performance of the related businesses by Group Finance and by the application of the Group authorisation policy for material capital expenditure, acquisitions and other investments.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company's financial instruments comprise amounts due to/from other Group companies, cash and cash equivalents, derivative financial instruments and borrowings.

The Company believes the value of its financial assets to be recoverable.

The market risks that the Company is subject to have been identified as exchange rate risk and interest rate risk. The impact of reasonably possible changes in these risk variables on the Group, based on the year end holdings of financial instruments have been calculated and are set out in the tables below. In each case it has been assumed that all other variables remain constant. As at 30 September 2016, the sensitivity of these risks to the defined scenario changes are set out below:

Foreign exchange rate risk

	2016 £000	2015 £000
Impact credit/(charge) on profit/(loss) on ordinary activities before tax:		
5% strengthening of euro	4,514	(34,538)
5% weakening of euro	(4,084)	31,243
5% strengthening of US dollar	1,344	(1,607)
5% weakening of US dollar	(1,216)	1,602

Interest rate risk

	2016 £000	2015 £000
Impact credit/(charge) on profit/(loss) on ordinary activities before tax:		
1% increase in interest rates	4,619	5,621
0.25% decrease in interest rates	(1,155)	(1,405)

Due to interest rates being at consistently low levels, a 0.25% decrease is considered appropriate as any further reduction would result in the underlying index rates being negative for sensitivity purposes.

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

14. Financial Risk (continued)

Liquidity risk

The maturity of contracted cash flows on the Company's creditors, borrowings and all of its derivative financial instrument liabilities are as follows:

	2016 £000			Total
	Not later than 1 year	Between 1 and 5 years	In more than 5 years	
Creditors: amounts falling due within one year	6,509,317	-	-	6,509,317
Bank loans and overdrafts	228,692	(7,386)	-	221,306
Derivative financial instruments - payable	7,950,665	1,107,710	-	9,058,375
- receivable	(7,909,852)	(1,119,066)	-	(9,028,918)
	<u>6,778,822</u>	<u>(18,742)</u>	<u>-</u>	<u>6,760,080</u>

	2015 £000			Total
	Not later than 1 year	Between 1 and 5 years	In more than 5 years	
Creditors: amounts falling due within one year	4,956,440	-	-	4,956,440
Bank loans and overdrafts	164,971	(9,434)	-	155,537
Derivative financial instruments - payable	5,839,625	1,003,580	-	6,843,205
- receivable	(5,677,666)	(992,828)	-	(6,670,494)
	<u>5,283,370</u>	<u>1,318</u>	<u>-</u>	<u>5,284,688</u>

For all gross settled derivative financial instruments, such as foreign currency forward contracts and swaps, the pay and receive leg has been disclosed. For net settled derivative financial instruments, such as fuel swaps and options, the fair value as at the year end of those instruments in a liability position has been disclosed in the table above.

15. Called up share capital

	2016 £000	2015 £000
Authorised:		
100 (2015: 100) ordinary shares of €1 each	<u>-</u>	<u>-</u>
Issued and fully paid:		
1 (2015: 1) ordinary shares of €1 each	<u>-</u>	<u>-</u>

The Company has one class of ordinary shares which carry no right to fixed income.

Thomas Cook Group Treasury Limited

Notes to the financial statements

For the year ended 30 September 2016

16. Contingent liabilities

At 30 September 2016 the Company is one of the guarantors of the Group credit and bonding facility. Each of the guarantors is jointly liable for the drawn down portion of £19.6m (2015: £46.6m). In addition, the Company is one of the guarantors for the €525m 2020 and €400m 2021 Senior Notes issued by Thomas Cook Finance Plc and the £200m 2018 Senior Note issued by Thomas Cook Group Plc. The Company is also the guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group. Potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £305.7m (2015: £293.8m).

17. Ultimate controlling party

The Company's immediate parent is Thomas Cook Investments (2) Limited which is registered in England and Wales. The ultimate parent undertaking and controlling party is Thomas Cook Group plc, a company incorporated in England and Wales.

The smallest and largest group of which Thomas Cook Group Treasury Limited is a member and in which the results of the Company are consolidated is that headed by Thomas Cook Group plc, which is registered in England and Wales. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at ^{3rd} Floor, South Building, 200 Aldersgate, London, EC1A 4HD.