

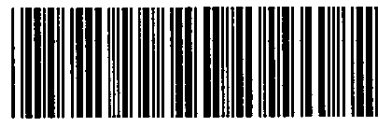
Company Registration No. 01190110

Cosmos Aviation Limited

Annual Report and Financial Statements

31 October 2013

MONDAY



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Cosmos Aviation Limited

Annual report and financial statements 2013

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Cosmos Aviation Limited

Annual report and financial statements 2013

Officers and professional advisers

Directors

P Boggon
R Francis
M Vinales
H Morgan

Secretary

J Marray

Registered office

Prospect House
Prospect Way
London Luton Airport
Luton
Bedfordshire
LU2 9NU

Independent auditor

Deloitte LLP
Chartered Accountants
Reading

Cosmos Aviation Limited

Strategic report

Business review

The profit and loss account is shown on page 6, showing an increase in turnover of 13% to £207,417,000 and the net asset position of the company at the end of the financial year is shown on page 7

The company, acting as a charter and scheduled airline broker, is operated in line with the overall Monarch Travel Group strategy to yield a break even net result before tax for the year. Accordingly, as shown in the profit and loss account on page 6, the company has achieved this objective in line with the overall group business plan. The directors do not anticipate a change in this overall strategy in the coming year.

Going Concern

The Company meets its day to day working capital requirements through operating cash flows, including those arising through trading with fellow subsidiaries within the Monarch Travel Group. As part of the Monarch Group (the "Group"), its business activities will also be impacted by factors affecting other Group companies. The directors have considered the Company's business activities, together with the factors likely to affect its future development, performance and position which include demand, pricing, inflation, foreign exchange rates and ability to maintain and raise financing.

The directors have reviewed the going concern status of the Company by considering the ability and intention of the group to continue to use the company as its transport provider for the purposes of the Tour Operators' Margin Scheme.


The Company business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section above. The Company is required to maintain an ATOL in order to operate. The Group has held discussions with the CAA about the ATOL renewal. Based on these discussions, the Group's forecasts, taking into account reasonably possible changes in trading performance, show that the Group is forecasting to meet the financial terms expected to be required by the CAA. Accordingly, the Group has no reason to believe that the renewal will not be granted on acceptable terms using an equivalent basis to previous years.

The Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future and, through discussion with the Directors of the Group, have given due consideration to the expectations for the Group. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details of the going concern basis can be found in note 1 to the financial statements, Accounting Policies.

Financial risk management objectives and policies

The company has no exposure to cash flow risk, credit risk, liquidity risk or price risk. The Company is indemnified by parent companies in line with the business objectives as outlined above.

Approved by the Board and signed on its behalf by



P Boggon
Director

6 MAY 2014

Cosmos Aviation Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2013

Principal activity

The principal activity of the company is to act as a charter and scheduled airline broker. There have not been any significant changes to the company's principal activity in the year under review.

Dividends

The directors do not recommend the payment of a dividend (2012 £nil)

Directors

The directors of the company who served throughout the year and since, except where otherwise stated, were

P Boggon (appointed 3 December 2013)
R Francis
H Morgan
M Vinales

Directors' indemnities

The company has made a qualifying third party indemnity provision for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



P Boggon
Director

6 MAY 2014

Cosmos Aviation Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 elected to prepare 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 judgments 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 financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the members of Cosmos Aviation Limited

We have audited the company financial statements of Cosmos Aviation Limited for the year ended 31 October 2013 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Anna Marks (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom

7 May 2014

Cosmos Aviation Limited

Profit and loss account Year ended 31 October 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|---|-------|------------------|------------------|
| Turnover | 2 | 207,471 | 183,393 |
| Cost of sales | | <u>(195,109)</u> | <u>(172,955)</u> |
| Gross profit | | 12,362 | 10,438 |
| Administrative expenses | | <u>(12,362)</u> | <u>(10,438)</u> |
| Profit on ordinary activities before taxation | 4 | - | - |
| Tax charge on profit on ordinary activities | 5 | <u>-</u> | <u>-</u> |
| Profit for the financial year | 9 | <u>-</u> | <u>-</u> |

All amounts relate to continuing activities

There are no recognised gains and losses in the current and preceding financial year other than those disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is shown.

The notes on pages 8 to 11 form an integral part of these financial statements.

Cosmos Aviation Limited

Balance sheet 31 October 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|---|-------|-----------------|-----------------|
| Current assets | | | |
| Debtors | 6 | 30,670 | 31,761 |
| Cash at bank and in hand | | 1 | 1 |
| | | <u>30,671</u> | <u>31,762</u> |
| Creditors: amounts falling due within one year | 7 | <u>(30,657)</u> | <u>(31,748)</u> |
| Net current assets | | <u>14</u> | <u>14</u> |
| Total assets less current liabilities | | <u>14</u> | <u>14</u> |
| Capital and reserves | | | |
| Called up share capital | 8, 9 | - | - |
| Profit and loss account | 9 | 14 | 14 |
| Shareholders' funds | 9 | <u>14</u> | <u>14</u> |

The financial statements of Cosmos Aviation Limited, registered number 01190110 were approved by the board of directors and authorised for issue on 6 MAY 2014

They were signed on its behalf by


P Boggan
Director

Cosmos Aviation Limited

Notes to the financial statements Year ended 31 October 2013

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Going Concern

The Company meets its day to day working capital requirements through operating cash flows, including those arising through trading with fellow subsidiaries within the Monarch Group. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report.

The Company is part of the Monarch Group, and as such, its business activities will also be impacted by factors affecting its parent, Monarch Holdings Limited. These are set out in the Business Review section of the Monarch Holdings Limited statutory accounts. These accounts describe the financial position of the Group, its cash flows, liquidity position and borrowing facilities, the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through a combination of operating cash flows, shareholder loans and facilities, and a bank overdraft guaranteed by the shareholders. The shareholder loan, facilities and guarantees were extended during the year for the period from 31 October 2014 to 31 October 2015. The overdraft is due for renewal in November 2014 but the directors have already started discussing this process with the lender, who has confirmed that they do not anticipate any issues in renewing the facility on the existing terms. The directors have considered the uncertainties presented by current economic conditions in relation to demand and pricing, fuel prices, foreign exchange rates and the ability to raise finance in the foreseeable future.

The Group's forecasts and projects, taking into account reasonably possible changes in trading performance and the impact of mitigating actions that the directors can take, show that the Group should be able to trade using operating cash flows for at least twelve months from the signing date of these accounts. This forecast is based on budget and experience of prior years, adjusting for known changes, although the nature of the industry and the market make it difficult to be precise about possible outcomes. The board has completed a sensitised review of the budget and believes that there is sufficient headroom using its available resources.

The Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future and, through discussion with the Directors of the Group, have given due consideration to the expectations for the Group. Thus, they continue to adopt the going concern basis in preparing the financial statements.

As highlighted in the Strategic report, the Group is required to maintain an ATOL in order to operate. The Group has held discussions with the CAA about the ATOL renewal. Based on these discussions, the Group's forecasts, taking into account reasonably possible changes in trading performance, show that the Group is forecasting to meet the financial terms expected to be required by the CAA. Accordingly the Group has no reason to believe that the renewal will not be granted on acceptable terms using an equivalent basis to previous years.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover is recognised from the date of flight departure.

Cosmos Aviation Limited

Notes to the financial statements Year ended 31 October 2013

1. Accounting policies (continued)

Foreign currency

Foreign currency transactions are recorded at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred revenue and related expenditure

Services invoiced prior to the year end, in respect of flight departures in future accounting periods are carried forward as deferred income in the balance sheet.

Costs incurred prior to the year end in respect of those services are also deferred until the date of flight departure.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Turnover

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the sole activity of aircraft seat broking.

3. Information regarding directors and employees

No director received any emoluments from the company during the year (2012: £nil). There are no employees other than the directors for either period. The directors' remuneration is paid by Cosmos Holidays Limited, a fellow group company.

4. Profit on ordinary activities before taxation

The audit fee of £3,000 (2012: £3,000) was borne and paid for by the immediate parent company in the current and preceding financial year.

5. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Current tax | | |
| United Kingdom corporation tax at based on the result for the year | - | - |

(b) Factors affecting current tax for the year

The tax assessed for the year is the same as that arising from the standard rate of corporation tax in the UK.

Cosmos Aviation Limited

Notes to the financial statements Year ended 31 October 2013

5. Tax charge on profit on ordinary activities (continued)

(c) Factors that may affect future tax charge

The Finance Act 2013, which provides for a reduction in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

6. Debtors

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Amounts owed by fellow group undertakings | 1,362 | 1,362 |
| Prepayments and accrued income | 29,308 | 30,399 |
| | <u>30,670</u> | <u>31,761</u> |

7. Creditors, amounts falling due within one year

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Trade creditors | 19 | 20 |
| Amounts owed to fellow group undertakings | 30,608 | 31,690 |
| Group relief payable | 1 | 1 |
| Other creditors | 29 | 37 |
| | <u>30,657</u> | <u>31,748</u> |

8. Called up share capital

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Called up, allotted and fully paid | | |
| 100 (2012: 100) ordinary shares of £1 each | <u>100</u> | <u>100</u> |

9. Combined statement of movements in reserves and reconciliation of movements in shareholder's funds

| | Share capital £'000 | Profit and loss account £'000 | 2013 Total £'000 | 2012 Total £'000 |
|--------------------------------------|---------------------------|--|------------------------|------------------------|
| At the beginning and end of the year | <u>-</u> | <u>14</u> | <u>14</u> | <u>14</u> |

Cosmos Aviation Limited

Notes to the financial statements Year ended 31 October 2013

10 Related party transactions

Set out below is a summary of related party transactions between the company and companies controlled by the ultimate controlling parties of the company. All transactions are undertaken on an arms length basis.

| Transactions | Related party |
|--|-----------------------------------|
| 1 Sale of seats to related party £316,000 (2012 £281,000) At 31 October 2013 £nil was due from the related party (2012 £nil) This balance includes the transfer of funds between the parties | Cosmos Transport Services Limited |
| 2 The sum of £nil (2012 £nil) was due to the related party at 31 October 2013 in respect of airline seats paid by the related party on behalf of the company | Cosmos Coach Tours Limited |

Advantage has been taken of the exemption under FRS8, 'Related Party Disclosures', for the financial statements of subsidiary undertakings, whose voting rights are wholly controlled within the group, not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties, as the company is included in the consolidated financial statements of Monarch Holdings Limited.

11. Ultimate parent company and controlling party

The immediate parent undertaking of the company is Cosmos Holidays Limited. The largest group in which the results of the company are consolidated is that of which Monarch Holdings Limited is the parent company. The smallest group is that of which Cosmos Holidays Limited is the parent company. The consolidated accounts of both companies may be obtained from Companies House.

The directors consider that the company's ultimate parent company is Emerald Investments NV, a company incorporated in the Netherlands Antilles, whose accounts are not publicly available.

The directors consider that Mr F Mantegazza, Mr G Mantegazza and Mr M Albek are together the ultimate controlling parties of the company.