

**Company Registration No. 01205109**

**Monarch Travel Group Limited**

**Annual Report and Financial Statements**

**31 October 2013**

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# **Monarch Travel Group Limited**

## **Annual report and financial statements 2013**

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# **Monarch Travel Group Limited**

## **Annual report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

G Anslow  
P Boggon  
G Coles  
R Francis  
S Jackson  
H Morgan  
P Prow  
K Sayburn  
M Vinales

#### **Secretary**

J Marray

#### **Registered office**

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

#### **Independent auditor**

Deloitte LLP  
Chartered Accountants  
Reading

# Monarch Travel Group Limited

## Strategic report

### Business review

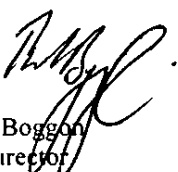
The company has not traded throughout the year and therefore there is no profit or loss recorded for the year. The position of the company at the balance sheet date is shown on page 6. Other than the credit and liquidity risk associated with the company's outstanding amounts with other group companies there are no other financial or business risks applicable to the company.

### Going Concern

As part of the Monarch Group (the "Group"), the company's business activities will be impacted by factors affecting other Group companies. The Company's 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 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.

The Directors have a reasonable expectation that the Company has 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.

Approved by the Board and signed on its behalf by



P Boggon  
Director

6 MAY 2014

# Monarch Travel Group Limited

## Directors' report

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

### Principal activities

The company's principal activity during the year under review was that of a holding company. The company has not traded throughout the year and the directors do not anticipate that it will do so in the foreseeable future.

### Dividends

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

### Directors

The directors of the company who served throughout the year, unless otherwise stated, were

G Anslow  
P Boggan  
G Coles  
R Francis  
S Jackson  
H Morgan  
P Prow  
K Sayburn  
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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) 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 Boggan  
Director

6 MAY 2014

# **Monarch Travel Group 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 Monarch Travel Group Limited**

We have audited the company financial statements of Monarch Travel Group Limited for the year ended 31 October 2013 which comprise the balance sheet, and the related notes 1 to 10. 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,
- 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 Auditor  
Reading, United Kingdom

7 May 2014

# Monarch Travel Group Limited

## Balance sheet 31 October 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	3	<u>40,575</u>	<u>40,575</u>
<b>Current assets</b>			
Debtors	4	70	70
<b>Creditors: amounts falling due within one year</b>	5	<u>(55)</u>	<u>(55)</u>
<b>Net current assets</b>		<u>15</u>	<u>15</u>
<b>Creditors: amounts falling due after more than one year</b>	6	<u>(13,500)</u>	<u>(13,500)</u>
<b>Total assets less current assets</b>		<u>27,090</u>	<u>27,090</u>
<b>Capital and reserves</b>			
Called up share capital	7,8	20	20
Profit and loss account	8	570	570
Capital contribution reserve account		<u>26,500</u>	<u>26,500</u>
<b>Total shareholders' funds</b>	8	<u>27,090</u>	<u>27,090</u>

The company did not trade during the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss

The financial statements of Monarch Travel Group Limited, registered number 01205109 were approved by the Board of Directors and authorised for issue on 6 MAY 2014

Signed on behalf of the Board of Directors



P Boggan  
Director



# Monarch Travel Group Limited

## Notes to the financial statements Year ended 31 October 2013

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding financial 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'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 has 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.

#### Consolidation exemption

In accordance with s400 of the Companies Act 2006, the company is exempt from the obligation to prepare and deliver group accounts on the basis that it is consolidated into the group accounts as disclosed in note 10. Therefore the information presented in these accounts is in respect of the company and not its group.

# Monarch Travel Group Limited

## Notes to the financial statements Year ended 31 October 2013

### 1. Accounting policies (continued)

#### Fixed asset investments

Fixed asset investments are stated at cost, less provision for impairment

#### Taxation

Current UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Where tax losses are surrendered to group companies, the amount received/surrendered is charged/credited to the profit and loss account and treated as payable to/receivable from the related group party that has received/surrendered the loss.

Deferred taxation is provided in full on timing differences which 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. Profit and loss account

Apart from the directors, the company for both years had no other employees. Directors' remuneration for both years is £nil.

The remuneration of the auditors of £2,500 (2012 - £2,500) was borne and paid for by a fellow group undertaking in the current and preceding year.

## Monarch Travel Group Limited

### Notes to the financial statements Year ended 31 October 2013

<b>3. Investments held as fixed assets</b>	<b>£'000</b>
<b>Shares in subsidiary undertakings</b>	
<b>Cost and net book value</b>	
At 31 October 2012 and 31 October 2013	<u>40,575</u>

The following were subsidiary undertakings at the year end

Name	Country of Registration and operation	Type of share	Holding	Nature of business
Avro Limited	England and Wales	Ordinary	100%*	Tour operator
Cosmos Holidays Limited	England and Wales	Ordinary	100%*	Tour operator
Pullman Holidays (UK) Limited	England and Wales	Ordinary	100%*	Dormant
Somewhere2stay Limited	England and Wales	Ordinary	100%*	Travel Agent
Avro Aviation Limited	England and Wales	Ordinary	100%	Airline seat broker
Cosmos Aviation	England and Wales	Ordinary	100%	Airline seat broker
The Charter Warehouse Limited	England and Wales	Ordinary	100%	Dormant
Distant Dreams Limited	England and Wales	Ordinary	100%	Dormant

\* - indicates direct holdings

<b>4 Debtors</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed from group undertakings	<u>70</u>	<u>70</u>
<b>5. Creditors: amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<u>55</u>	<u>55</u>
<b>6. Creditors: amounts falling due after more than one year</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<u>13,500</u>	<u>13,500</u>
<b>7. Called up share capital</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Called up, allotted and fully paid</b>		
20,000 (2012 20,000) ordinary shares of £1 each	<u>20</u>	<u>20</u>

# Monarch Travel Group Limited

## Notes to the financial statements Year ended 31 October 2013

### 8. Combined statement of movements in reserves and reconciliation of movements in shareholders' funds

	Share capital 2013 £'000	Capital contribution reserve 2013 £'000	Profit and loss account 2013 £'000	Total 2013 £'000	Total 2012 £'000
At the beginning and the end of the year	<u>20</u>	<u>26,500</u>	<u>570</u>	<u>27,090</u>	<u>27,090</u>

### 9. Related parties

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

### 10. Ultimate parent company and controlling entity

The immediate parent undertaking of the company is Monarch 2011 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 consolidated accounts 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, the accounts of which 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.