Hotelplan Limited

Directors' report and financial statements

for the year ended 31 October 2011

Company number: 00350786

Hotelplan Limited

Directors' report and financial statements

for the year ended 31 October 2011

Contents

Hotelplan Limited

Directors and advisers

Directors
H U Lerch
M Glesti

Company secretary
A Stewart

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Independent auditors
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Chartered Accountants and Statutory Auditors
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London
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Company number
00350786

Directors' report for the year ended 31 October 2011

The directors present their report and the audited financial statements of the company for the year ended 31 October 2011

Principal activities
The company's principal activity was that of tour operating Hotelplan Limited operates ski holidays to Europe and North America under the brand "Inghams Ski" and summer holidays to the same destinations under the brand "Inghams Lakes & Mountains"

Review of the business
The 2010/11 season has continued to see difficult trading conditions across the travel sector The economic environment worsened during the financial year as the Government continued its austerity measures, rising unemployment and significant falls in household disposal income have led to a contraction in holiday demand, resulting in an increase in the amount of capacity sold in the 'lates' market for operators with bed and flight commitments In addition to these already challenging factors, the Ski programme suffered from a record shortage of snow from January 2011 onwards, as well as British Pound that remained very weak against both the Euro and Swiss Franc As a result of trading conditions which were the most challenging for 30 years in the opinion of the directors, both winter passenger numbers and margins consequently declined

The "Lakes & Mountains" programme also faced a difficult trading environment, as the more mature guests who travel with Inghams, continued to bear the brunt of record low bank interest rates on their savings In addition, the summer programme had to compete with distressed selling from the cruise market and mainstream beach holiday operators, as a result of excess capacity caused by the Arab spring and failing United Kingdom economy

Results and dividends
The results for the financial year and financial position of the company are shown in the annexed financial statements The company reported a loss for the financial year of £33k as a result of the trading issues discussed above (2010 £214k profit) Included in the reported result was a £2 5m profit on the sale of the company's Head Office, £0 7m of costs in relation to further restructuring and overseas taxes and a £0 7m increase in group charges following the implementation of their reservations platform during the financial year An interim dividend of £nil (2010 £12 00) per ordinary share, amounting to £nil (2010 £12m) was paid during the year to the company's immediate parent Hotelplan (U K Group) Limited The directors do not recommend payment of a final dividend for the current year (2010 £nil)

Business development
The company continues to review new business opportunities on a regular basis

Future outlook
The product being offered by Inghams, both in terms of accommodation type and quality, has been significantly overhauled for the 2011/12 season The prior year acquisition of Enigma Travel Group Limited by the company's parent, Hotelplan (U K Group) Limited, has enabled some early costs savings for Hotelplan Limited, given the two companies' similar operations in winter tour operating However, the more significant long-term savings expected as a result of a leaner, synergised cost base across the Group are anticipated to commence in earnest in 2011/12 and ensuing seasons

Directors' report for the year ended 31 October 2011 (continued)

Future outlook (continued)
The directors are consequently confident that forthcoming financial years will show significant financial improvement, through increased margin per passenger and reduced head office costs

Principal risks and uncertainties
As in any organisation, the company is exposed to a number of risks The key business risks and uncertainties affecting the company, and indeed all tour operators, continue to be ensuring high load factors on chartered aircraft and transfer coaches The continuing difficult economic conditions outlined have resulted in record unemployment and a depressed housing market leading to a tightening in consumer spending, which directly affects the travel market and achievable average selling prices Combined with the weakness of the British Pound against the Euro, Swiss Franc and Canadian Dollar and escalating price of aviation fuel, these factors have squeezed margins per passenger These risks are managed through close monitoring of the KPIs and general market conditions, fixed price contracts and hedging

Financial risk management
The company's operations expose it to a variety of financial risks which include the effects of credit and interest rate risk, foreign exchange, liquidity and supplier risks The company has in place risk management procedures that seek to limit the adverse effects on the financial performance of the company

Given the size and structure of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board Policies are in accordance with guidelines issued by the ultimate parent undertaking, the Federation of Migros Co-operatives

Credit and interest rate risk
The company has interest bearing deposits with its bank and the group undertaking Hotelplan Management A G The returns on these deposits are subject to risks arising from interest rate movements Large sums are not deposited with any one institution, other than the ultimate parent undertaking, the Federation of Migros Co-operatives

The company limits its exposure to trade credit risk by requiring all guests to pay for their holidays before departure and by limiting its dealings with agents that are not members of recognised trade bodies or who do not have recognised schemes in place to protect customers' money

Foreign exchange risk
The company primarily offers its products for sale in British Pounds but pays suppliers in a variety of currencies This risk is managed by a combination of purchasing sufficient forward contracts in major trading currencies to cover forecast liabilities arising from each brochure edition and amending prices to take account of currency fluctuations

Liquidity risk
The company's overall objective is to ensure that it is at all times able to meet its financial commitments as and when they fall due Accordingly the maturity dates for the investments of surplus funds are set in line with expected cash flows Liquidity improved during the year principally due to the sale of the Head Office This position is expected to improve as projected profitability returns to the company

Directors' report for the year ended 31 October 2011 (continued)

Supplier risk
The principal supplier risks relate to committed airline seat costs and accommodation payments All seats and fuel cost are purchased at fixed prices for the relevant season and the directors only work with established charter and scheduled airline operators Accommodation is principally non-committed with annual reviews of agreed contract prices and allocations

Key performance indicators ("KPIs")
The directors employ a number of KPIs to monitor the performance of the business on a daily and weekly basis The KPIs employed by the company principally monitor sales volumes, average selling price, aircraft load factor and margin per passenger

Directors
The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were

H U Lerch
M Glesti

Statement of disclosure of information to auditors
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that 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 it has been communicated to the auditors

Statement of directors' responsibilities
The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Directors' report for the year ended 31 October 2011 (continued)

Qualifying third party indemnity

As permitted by the articles of association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors

By order of the Board

A Stewart
Company secretary
16 March 2012

Independent auditors' report to the members of Hotelplan Limited

We have audited the financial statements of Hotelplan Ltd for the year ended 31 October 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 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)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4 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

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

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 directors' 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Hotelplan Limited (continued)

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

Michael Jones

Michael Jones (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
16 March 2012

Hotelplan Limited

Profit and loss account for the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Turnover	2	**116,934**	138,311
Cost of sales		**(107,803)**	(125,288)
Gross profit		**9,131**	13,023
Administrative expenses before exceptional costs		**(12,209)**	(12,303)
Exceptional costs	4	**-**	(1,530)
Total administrative expenses		**(12,209)**	(13,833)
Other operating income	3	**253**	332
Operating (loss)	4	**(2,825)**	(478)
Profit on sale of fixed assets	4	**2,532**	-
(Loss) on ordinary activities before interest		**(293)**	(478)
Interest receivable and similar income	7	**92**	172
Interest payable and similar charges	8	**(33)**	(13)
Other finance income	21	**296**	302
Profit/(loss) on ordinary activities before taxation		**62**	(17)
Tax on profit/(loss) on ordinary activities	9	**(95)**	231
(Loss)/profit for the financial year	19	**(33)**	214

There is no material difference between profit/(loss) on ordinary activities before taxation and the retained (loss)/profit for the financial years stated above and the historical cost equivalent

All amounts for the financial year arise from the company's continuing operations

Hotelplan Limited

Statement of total recognised gains and losses for the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
(Loss)/profit for the financial year		**(33)**	214
Actuarial losses on pension scheme	21	**(714)**	(327)
Deferred tax arising on changes in actuarial benefits	21	**179**	92
Impact of change in tax rate on deferred tax		**59**	-
Total recognised gains and losses for the financial year		**(509)**	(21)

Hotelplan Limited

Balance sheet as at 31 October 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	**176**	4,666
Investments	13	**7,077**	7,066
		7,253	11,732
Current assets			
Debtors	14	**5,772**	7,323
Cash at bank and in hand		**10,710**	6,119
		16,482	13,442
Creditors: amounts falling due within one year	15	**(16,779)**	(17,999)
Net current liabilities		**(297)**	(4,557)
Total assets less current liabilities		**6,956**	7,175
Provisions for liabilities	16	**(41)**	(84)
Net assets excluding pension asset		**6,915**	7,091
Net pension asset	21	**1,006**	1,339
Net assets including pension asset		**7,921**	8,430
Capital and reserves			
Called up share capital	18	**1,000**	1,000
Profit and loss account	19	**6,921**	7,430
Total shareholders' funds	20	**7,921**	8,430

The financial statements on pages 8 to 30 were approved by the Board of directors and authorised for issue on 16 March 2012 and are signed on its behalf by

M Glesti
Director
16 March 2012

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011

1 Accounting policies

Basis of accounting
The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies which have been applied consistently are set out below

These financial statements have been prepared on a going concern basis which is supported by forecasts and projections and assumes the ongoing support of the company's parent, Hotelplan (U K Group) Limited The company has received confirmation from Hotelplan (U K Group) Limited that it will continue to support the company for the foreseeable future, and for a minimum period of 12 months from the date of approval of these financial statements, so as to enable the company to meet its liabilities as and when they fall due The directors have made enquiries of its parent, and its ability to provide support, and have received appropriate assurances from its parent that it is in a position to provide the necessary support

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements

Cash flow statement
The company is a wholly owned subsidiary company of a group headed by Federation of Migros Co-operatives, a co-operative incorporated in Switzerland, and is included in the consolidated financial statements of that company, which are publicly available Consequently, the company has taken advantage of the exemption within Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement

Group financial statements
The company is a wholly-owned subsidiary undertaking of Hotelplan (U K Group) Limited which prepares group financial statements as required by section 400 of the Companies Act 2006, and accordingly the company is exempt from the obligation to prepare and deliver group financial statements Consequently, the financial statements provide information about the company as an individual undertaking only

Turnover
Turnover is the aggregate value receivable, net of discounts, from inclusive tours, travel agency commissions and other travel services Turnover is recognised on the date of departure

Other operating income
The rental income and cost are accounted for on a straight line basis with any rental increases recognised during the period to which they relate

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011 (continued)

1 Accounting policies (continued)

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired Goodwill arising on acquisitions has been capitalised and is being amortised over a period not exceeding 20 years, being the period expected to benefit The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Tangible fixed assets
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation
Depreciation is provided on a straight line basis on all tangible fixed assets over their expected useful economic life

Freehold property	- useful economic life 49 years
Fixtures and fittings	- useful economic life 5 – 8 years
Motor vehicles	- useful economic life 5 years
Computer software	- useful economic life 5 years

Land is not depreciated

Fixed asset investments
Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment Impairment reviews are performed by the directors when there has been an indication of potential impairment

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Notes to the financial statements for the year ended 31 October 2011 (continued)

1 Accounting policies (continued)

Foreign currencies
Monetary assets and liabilities expressed in foreign currencies are translated into British Pounds at rates of exchange ruling at the date of the balance sheet Transactions in foreign currency are converted to British Pounds at the rate ruling at the date of the transaction All differences on exchange are taken to the profit and loss account

Operating lease agreements
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Pension costs
For eligible employees the company pays for employee pension benefits by contributing to a company defined benefit pension scheme The scheme assets are held independently of the company The expected future costs of providing pensions for employees under the company's defined benefits pension scheme are provided in the balance sheet of the company, net of assets held by the pension scheme and the value of any expected tax liability or relief Costs relating to employees service are charged to the profit and loss account Gains and losses arising from actuarial revaluations are charged or credited to the statement of total recognised gains and losses Returns on the assets of the pension scheme and notional interest on the liabilities of the scheme are credited or charged to other finance income or expense in the profit and loss account Pension scheme assets are measured using market value Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability

Following the closure of the company defined benefit pension scheme to new entrants from 1 November 2007, the company introduced the Hotelplan Limited Group Stakeholder Pension Plan for new employees This is a defined contribution pension scheme where the assets of the scheme are held separately from those of the company in an independently administered fund

The pension cost charge disclosed in note 21 represents contributions payable by the company to the fund accounted for under Financial Reporting Standard 17 'Retirement benefits'

Brochure and marketing costs
Brochure and marketing costs are written off as incurred

Related party transactions
The company has taken advantage of the exemption under paragraph 3(c) from the provisions of Financial Reporting Standard 8, 'Related party disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Hotelplan (U K Group) Limited, whose financial statements are publicly available

Notes to the financial statements for the year ended 31 October 2011 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised in the balance sheet when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date

2 Turnover

Turnover is attributable to one continuing activity, the provision of leisure travel services An analysis of turnover by geographical market, by destination, is given below

	2011	2010
	£'000	£'000
United Kingdom	**108,077**	133,176
Rest of world	**8,857**	5,135
	116,934	138,311

3 Other operating income

	2011	2010
	£'000	£'000
Rent receivable	**138**	332
Recharge of staff to parent company	**115**	-
	253	332

4 Operating loss

	2011	2010
	£'000	£'000
Operating loss is stated after charging/(crediting)		
Auditors' remuneration		
– audit fees	**68**	75
Depreciation of owned tangible fixed assets	**112**	333
Loss on disposal of tangible fixed assets	**2**	20
Operating lease charges – land and buildings	**148**	82
Management fee receivable from subsidiary undertaking	**(6,698)**	(6,535)
Impairment charge on tangible fixed assets	**-**	(843)
Management fee payable to parent undertaking	**442**	478
Foreign exchange loss/(gain)	**-**	136

Non-audit fees relate to tax compliance and tax advice

Management fee payable to parent undertaking relates to head office recharges

Disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made because the consolidated accounts of the company's parent are required to disclose other (non-audit) services on a consolidated basis

Amounts disclosed as exceptional on the face of the income statement relate to the sale of the Head Office as disclosed in the Directors' Report

Amounts disclosed in the prior year as operating exceptionals relate to system write offs as discussed in the prior year Directors' Report

5 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2010 £nil) The emoluments were borne by Hotelplan Management AG with no amounts recharged to this company as the value of their services performed cannot be reliably measured

Notes to the financial statements for the year ended 31 October 2011 (continued)

6 Staff costs

	2011 £'000	2010 £'000
Wages and salaries	**3,881**	5,121
Social security costs	**410**	584
Other pension costs (note 21)	**349**	339
	4,640	6,044

The average monthly number of persons employed (including directors on a service contract) by the company during the year was as follows	2011 Number	2010 Number
Sales	**65**	80
Operations	**23**	23
IT	**11**	20
Finance and Administration	**17**	24
Total	**116**	147

7 Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest receivable	**34**	140
Interest receivable from group undertakings	**58**	32
	92	172

8 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank interest payable	**33**	13

Notes to the financial statements for the year ended 31 October 2011 (continued)

9 Tax on profit/(loss) on ordinary activities

(a) Analysis of charge/(credit) in the period

	2011	2010
	£'000	£'000
Current tax:		
United Kingdom corporation tax on profits/(losses) of the year	**-**	43
Adjustments in respect of previous years	**178**	(77)
Double taxation relief	**(2)**	(52)
	176	(86)
Overseas corporation tax on profits for the year	**2**	280
Total current tax (note 9(b))	**178**	194
Deferred tax:		
Origination and reversal of timing differences (note 9 (c))	**(132)**	(537)
Pension payments in excess of pension costs	**49**	112
Total deferred tax	**(83)**	(425)
Total tax on profit/(loss) on ordinary activities	**95**	(231)

Notes to the financial statements for the year ended 31 October 2011 (continued)

9 Tax on profit/(loss) on ordinary activities (continued)

(b) Factors affecting current tax charge for the period:

The standard rate of Corporation Tax in the United Kingdom changed from 28% to 26% with effect from 1 April 2011 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26 8% and will be taxed at 26% in the future

The tax assessed for the year is higher (2010 higher) than the effective rate of corporation tax in the United Kingdom of 26 8% (2010 28%) The differences are reconciled below

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before taxation	**62**	(17)
Profit/(loss) on ordinary activities multiplied by the effective rate in the United Kingdom of 26 8% (2010 28%)	**17**	(5)
Expenses not deductible for tax purposes	**51**	(57)
(Accelerated capital allowances)/ depreciation in excess of capital allowances	**(83)**	371
Non-taxable profit on sale of building	**(683)**	-
Other timing differences	**(33)**	22
Adjustments in respect of previous years	**178**	(77)
Pension payments in excess of pension costs	**(49)**	(112)
Overseas corporation tax unutilised	**-**	228
Profit surrendered for group relief	**780**	(176)
Total current tax charge	**178**	194

(c) Deferred tax

	2011 £'000	2010 £'000
Capital allowances in excess of depreciation	**(342)**	(175)
Other timing differences	**(44)**	(79)
Total deferred tax asset (note 14)	**(386)**	(254)

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011 (continued)

9 Tax on profit/(loss) on ordinary activities (continued)

	2011	2010
	£'000	£'000
Deferred tax (asset)/liability at beginning of period	**(254)**	283
Movement in period	**(132)**	(537)
Total deferred tax (asset) at end of period	**(386)**	(254)

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the United Kingdom Corporation tax system were announced in the March 2011 United Kingdom Budget Statement Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The effect of the changes expected to be enacted in the Finance Act 2011 would be to reduce the deferred tax asset provided at the balance sheet date by £15k This £15k decrease in the deferred tax asset would decrease profit by £15k This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 26% to 25% with effect from 1 April 2012

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by £30k (being £15k recognised in 2013 and £15k recognised in 2014)

10 Dividends

	2011	2010
	£'000	£'000
Interim dividend £nil (2010 £12) per ordinary share	-	12,000

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011 (continued)

11 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 November 2010	1,550
Additions	-
At 31 October 2011	**1,550**
Accumulated amortisation	
At 1 November 2010	1,550
Charge for the year	-
At 31 October 2011	**1,550**
Net book amount	
At 31 October 2011	**-**
At 31 October 2010	-

Notes to the financial statements for the year ended 31 October 2011 (continued)

12 Tangible fixed assets

	Freehold property	Fixtures and fittings	Motor vehicles	Computer software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 November 2010	6,419	1,792	109	75	8,395
Additions	-	50	-	40	90
Disposals	(6,419)	(117)	(56)	-	(6,592)
At 31 October 2011	**-**	**1,725**	**53**	**115**	**1,893**
Accumulated depreciation					
At 1 November 2010	1,996	1,647	56	30	3,729
Charge for the year	-	72	16	24	112
Disposals	(1,996)	(91)	(37)	-	(2,124)
At 31 October 2011	**-**	**1,628**	**35**	**54**	**1,717**
Net book amount					
At 31 October 2011	**-**	**97**	**18**	**61**	**176**
At 31 October 2010	4,423	145	53	45	4,666

Notes to the financial statements for the year ended 31 October 2011 (continued)

13 Fixed asset investments

Shares in group companies	2011 £'000
Investment in subsidiary undertakings at cost:	
At 1 November 2010	7,066
Additions	11
At 31 October 2011	**7,077**

The directors believe that the carrying value of investments is supported by their underlying net assets

Subsidiary undertakings:

The following companies are wholly-owned subsidiary undertakings and operate in the country of incorporation

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Hotelplan (Transport) Limited	100%	England and Wales	Transport services
Hotelplan Inghams Sarl	100%	France	Representative office
Inghams Schweiz A G	100%	Switzerland	Provision of holiday accommodation
Inntravel Limited	100%	England and Wales	Tour operator
Hotelplan Travel Srl	100%	Italy	Tour operator
Inghams Canada Ltd	100%	Canada	Tour operator
Itinerary Limited*	100%	England and Wales	Transport services
Filoxenia Limited*	100%	England and Wales	Non-trading

*Shareholding held by subsidiary of Hotelplan Limited

Hotelplan Travel Srl and Inghams Canada Ltd were incorporated during the year

Notes to the financial statements for the year ended 31 October 2011 (continued)

14 Debtors

	2011 £'000	2010 £'000
Trade debtors	**282**	27
Amounts owed by ultimate parent undertaking	**253**	1,278
Amounts owed by fellow subsidiary undertakings	**1,137**	3,017
Corporation tax	**550**	677
Deferred tax	**386**	254
Other debtors	**874**	1,210
Prepayments	**2,290**	860
	5,772	7,323

Amounts owed by the ultimate parent undertaking are unsecured, mature at various dates within the next year and attract interest at commercial rates Amounts owed by fellow subsidiary undertakings are unsecured, interest free and repayable on demand

15 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	**1,291**	2,486
Amounts owed to group undertakings	**1,348**	96
Amounts owed to fellow subsidiary undertakings	**474**	2,656
Payments in respect of future holidays	**11,020**	11,656
Taxation and social security	**381**	634
Accruals and deferred income	**2,265**	471
	16,779	17,999

Amounts owed to group undertakings and to fellow subsidiary undertakings are unsecured, interest free and repayable on demand

16 Provisions for liabilities

	Chalet dilapidations £'000	Total £'000
At 1 November 2010	84	84
Credited to the profit and loss account	(43)	(43)
At 31 October 2011	**41**	**41**

The chalet dilapidations provision is the estimated cost of potential claims from owners for refurbishment These provisions are expected to crystallise within the next 4 years

17 Operating lease commitments

At 31 October, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011	2010
	£'000	£'000
Operating lease commitments which expire		
Within one year	**264**	26
In two to five years	**65**	83
	329	109

18 Called up share capital

	2011 £'000	2010 £'000
Authorised		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted and fully paid		
1,000,000 ordinary shares of £1 each	**1,000**	1,000

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011 (continued)

19 Profit and loss account

	Profit and loss account £'000
At 1 November 2010	7,430
Loss for the financial year	(33)
Actuarial losses on pension scheme net of tax	(476)
At 31 October 2011	**6,921**

20 Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
(Loss)/profit for the financial year	**(33)**	214
Dividend (note 10)	**-**	(12,000)
Actuarial losses on pension scheme net of tax	**(476)**	(235)
Net decrease in shareholders' funds	**(509)**	(12,021)
Opening shareholders' funds	**8,430**	20,451
Closing shareholders' funds	**7,921**	8,430

Notes to the financial statements for the year ended 31 October 2011 (continued)

21 Pension commitments

The company's defined benefits scheme was closed to new members with effect from 1 November 2007 and as a result, under the projected unit method, current service cost will increase as members approach retirement This is a fully funded scheme with contributions paid by both the company and its employees The most recent formal actuarial valuation was undertaken as at 1 November 2009, and updated to 1 November 2010, by a qualified independent actuary, Grant Spence, of The Royal London Mutual Insurance Society Limited The assumptions which had the most significant effect on the valuation were those relating to the rate of return on investments held with Legal and General, the rate of increases in salaries, which were assumed to be 6 6% and 2 8% per annum respectively

The funding level as at 1 November 2009 was 118% and the market value of the scheme's liabilities at that date was £15,012m

Financial Reporting Standard 17 'Retirement benefits' disclosures are based on the policy that benefits are based on final pensionable salary The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market value Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The major assumptions used by the actuary based on the full actuarial valuation at 1 November 2009 and updated to take account of the liabilities of the scheme at 31 October 2011 were (in nominal terms)

	2011	2010
	%	%
Financial assumptions		
Rate of increase in salaries	**2.80**	3 50
Rate of increase in pensions in payment		
Pension earned before 01/05/00 in excess of GMP	**5.00**	5 00
Pension earned between 30/04/00 and 06/04/05	**2.70**	3 40
Pension earned after 05/04/05	**2.50**	2 50
Discount rate	**5.20**	5 20
Inflation assumption	**2.70**	3 40

Notes to the financial statements for the year ended 31 October 2011 (continued)

21 Pension commitments (continued)

	2011	2010
Life expectancy assumptions		
Member aged 65 at the effective date of calculations		
Male	**22.3**	22 1
Female	**24.5**	24 1
Member aged 65 at a date 20 years after the effective date of calculations		
Male	**23.7**	23 5
Female	**26 1**	25 7

The assets of the scheme and the expected rate of return at 31 October are

	2011		2010	
	Long term rate of return expected	**Value**	Long term rate of return expected	Value
	%	**£'000**	%	£'000
Equities	**6.60**	**10,128**	7 60	10,087
Bonds	**5.00**	**3,048**	5 40	2,820
Other	**4.80**	**7,687**	4 10	7,237
Total market value of assets		**20,863**		20,144
Present value of scheme liabilities		**(17,640)**		(18,284)
Surplus in the scheme		**3,223**		1,860
Restriction on excess		**(1,882)**		-
Adjusted surplus in the scheme		**1,341**		1,860
Related deferred tax liability		**(335)**		(521)
Net pension asset		**1,006**		1,339

Notes to the financial statements for the year ended 31 October 2011 (continued)

21 Pension commitments (continued)

The amounts recognised in the profit and loss are as follows:

	2011 £'000	2010 £'000
Current service cost	**296**	284
Expected return on pension scheme assets	**(1,331)**	(1,144)
Effect of excess restriction recognised in P&L	**81**	-
Interest on pension scheme liabilities	**954**	842
Total	**-**	(18)
Actual return on plan assets	**677**	2,294

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,183k (2010 £469k)

Reconciliation of the present value of scheme liabilities:

	2011 £'000	2010 £'000
1 November	**18,284**	15,012
Current service cost	**296**	284
Interest cost	**954**	842
Benefits paid	**(268)**	(464)
Actuarial (gains)/losses	**(1,741)**	2,391
Contributions by employees	**115**	219
31 October	**17,640**	18,284

The current service cost £296k (2010 £284k) are included within administrative expenses in the profit and loss account

Notes to the financial statements for the year ended 31 October 2011 (continued)

21 Pension commitments (continued)

Reconciliation of the fair value of scheme assets:

	2011	2010
	£'000	£'000
1 November	**20,144**	17,715
Expected return on scheme assets	**1,331**	1,144
Actuarial (losses)/gains	**(654)**	1,150
Benefits paid	**(268)**	(464)
Contributions paid by employer	**195**	380
Contributions paid by employees	**115**	219
31 October	**20,863**	20,144

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets

The directors together with the trustees of the pension scheme regularly review the expected level of contributions to be paid by the company into the defined benefit pension scheme The directors' best estimate at the time of approval of these financial statements is for cash contributions of £200k (2010 £277k) will be required to be paid into the scheme for the year ending 31 October 2012 The actual contributions paid into the scheme may however differ from this amount

Amounts for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	**(17,640)**	(18,284)	(15,012)	(10,894)	(13,972)
Plan assets	**20,863**	20,144	17,715	15,783	17,642
Surplus	**3,223**	1,860	2,703	4,889	3,670
Experience adjustments on plan assets	**(654)**	1,150	471	(3,347)	1,071
Experience adjustments on plan liabilities	**554**	(820)	232	470	(625)
Total actuarial gains	**1,087**	(1,241)	(2,750)	710	3,313

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2011 (continued)

21 Pension commitments (continued)

Excess

Under Fınancıal Reportıng Standard 17 'Retırement benefits', excess should be recognısed on the balance sheet to the extent that the excess can be recovered by way of reduced employer contrıbutıons ın the future or through refunds from the scheme (Fınancıal Reportıng Standard 17 'Retırement benefits' para 37) Thıs has gıven rıse to "excess not recognısed" ın the financıal statements

Defıned contributıon scheme

The company commenced operatıng a defined contrıbutıon pensıon scheme durıng 2008 The amount charged ın the year represents the contrıbutıons payable to the scheme ın respect of the accountıng perıod and amounted to £53k (2010 £55k)

22 Foreign exchange commitments

At 31 October 2011, the company held foreıgn currency forward exchange contracts to the value £85m (2010 £66m)

23 Ultimate parent undertaking and controlling party

The company ıs a wholly owned subsıdıary of Hotelplan (U K Group) Lımıted

Thıs ultımate parent undertakıng and controllıng party ıs the Federatıon of Mıgros Co-operatıves, a co-operatıve ıncorporated ın Swıtzerland

The Federatıon of Mıgros Co-operatıves ıs the parent undertakıng for the largest group of undertakıngs to consolıdate these financıal statements at 31 October 2011 The consolıdated financıal statements of the Federatıon of Mıgros Co-operatıves are avaılable from 152 Lımmastrasse, CH8005, Zurıch, Swıtzerland

Hotelplan (U K Group) Lımıted ıs the parent undertakıng of the smallest group of undertakıngs to consolıdate these financıal statements The consolıdated financıal statements of Hotelplan (U K Group) Lımıted can be obtaıned from 10-18 Putney Hıll, London SW15 6AX, Unıted Kıngdom