Hotelplan Limited

Directors' report and financial statements

for the year ended 31 October 2012

Company number: 00350786

Hotelplan Limited

Directors' report and financial statements

for the year ended 31 October 2012

Contents

Hotelplan Limited

Directors and advisers

Directors
H U Lerch (resigned 01/11/2012)
T Stirnimann (appointed 01/11/2012)
M Glesti

Company secretary
A Stewart

Registered office
Mountain House
Station Road
Godalming
Surrey
GU7 1EX

Independent auditors
KPMG LLP
Chartered Accountants and Statutory Auditor
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

Bankers
Barclays Bank
Level 27
1 Churchill Place
London
E14 5HP

Company number
00350786

Directors' report for the year ended 31 October 2012

The directors present their report and the audited financial statements of the company for the year ended 31 October 2012

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 travel industry continued to see challenging trading conditions for Winter 2011/12, starting with the slow booking trend which always inevitably follows a snow season as poor as the 2010/11 winter had been There was then no snow at all during the important November / early December pre-season booking period, which led to the whole market starting to discount the front quarter of the season Once the snow finally arrived in mid-December, it then fell in such unprecedented quantities that it significantly disrupted six of the first seven departure/arrival weekends, leading to flight cancellations, diversions and delays, as the huge and sudden volumes of snow closed airports and mountain roads This led to significant unbudgeted costs being incurred on additional food and accommodation for guests who could not get into or out of their resort, additional coach transfers being required, and the purchase of scheduled flights home for guests who had missed their original return charter flights due to road closures

The ski industry also had to contend with Christmas Eve and New Year's Eve both falling on a Saturday, ie the normal main transfer day This resulted in our December flight departures being moved to Fridays to avoid travelling on Christmas and New Years' Eve Some competitors did the same, while others stayed on the Saturdays, which inevitably did not sell well, leading to wide scale heavy discounting of two normally peak margin weeks across the whole market

In common with the entire UK outbound travel market, our summer 2012 portfolio also faced unprecedented disruption, with the Queen's Diamond Jubilee, Euro 2012 football tournament, London Olympics and then Paralympics providing a "perfect storm" of disrupted booking patterns as large numbers of UK customers choose to remain home between June and August Anticipating this, Inghams Lakes & Mountains acted early to reduce its committed aircraft capacity, in order to avoid unsold seats and/or heavy discounting This protected load factors and margins per passenger, albeit on slightly lower passenger volumes

The financial year also operated against the backdrop of a British economy still showing little sign of recovery from recession There were further high profile high street failures, whilst Government austerity measures and tax rises hit disposable household incomes and raised job security concerns The Pound remained weak against the Euro and Swiss Franc, recovering slightly over the summer, but only to lose ground again in recent months Whilst the company hedges against currency fluctuations, consumers have still had their holiday spending power eroded as a result, and the more mature "Lakes & Mountains" and "Inntravel" customers continued to suffer from record low interest income on their savings

Management continued to focus on rationalising overheads and in June 2012, the previously split Inghams and Enigma sites in Putney and Fleet were relocated to a new combined Head Office in Godalming, Surrey As a result, a number of one-off costs were incurred in obtaining the new premises, including a period of double rent, exit costs on the former Putney office, legal fees for the

Directors' report for the year ended 31 October 2012 (continued)

Review of the business (continued)
obligatory staff consultation process, statutory redundancy payments, short-term incremental travel cost payments for affected employees, and one-off recruitment costs to replace those unable to relocate The relocation also involved fit-out costs at the new building of £862k, with a resultant one-off reduction in net current assets

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 an improved gross margin for the financial year of £9 7m on fewer passengers comparatively (2011 £9 4m) and the operating loss reduced to £1 6m (2011 £2 6m loss) despite the unprecedented trading issues and exceptional costs incurred, as outlined in the above business review section The retained loss for the year increased to £2 0m (2011 £33k loss) as the prior year included a £2 5m profit on the sale of the Putney office, which was a one-off non-trading item

An interim dividend of £nil (2011 £nil) was paid during the year The directors do not recommend payment of a final dividend for the current year (2011 £nil)

Post balance sheet event
Immediately subsequent to the financial year end, a restructuring was undertaken to simplify the ongoing corporate structure of the wider group As a result, the trade and assets of Esprit Holidays Limited, were hived into Hotelplan Limited as part of a strategy to implement cost savings and extricate further synergies

Business development
The company continues to review new business opportunities on a regular basis, but remains primarily focussed on the restructuring of the Hotelplan Ltd products, its staffing overheads and best business practices, as well as the synergistic integration of the wider Group in its new shared premises

Future outlook
The strategies to completely overhaul the Inghams product range in terms of accommodation types, quality, geographical spread, travel options, brochure and website projection, and retail support, all made significant headway during the 2011/12 season Combined with the relocation to a single head office and resultant leaner, more synergised cost base, plus the absence of the exceptional non-trading items which have impacted the last two years, the directors are confident that forthcoming financial years will show significant improvements in margin per passenger and a return to profitability for financial year-end 31 October 2013

Principal risks and uncertainties
As in any business, the company is exposed to a number of risks, key amongst which, as they are across the entire travel industry, continues to be ensuring high load factors on chartered aircraft, committed beds and transfer coaches, while maintaining healthy average selling prices The continuing, well publicised weakness of the UK economy has squeezed consumer spending generally, which directly affects the travel market and achievable average selling prices Combined with the weakness of the pound against the Euro, Swiss Franc and Canadian dollar, and the escalating price of aviation fuel, airport passenger taxes and overseas tourism taxes, margins per passenger have tightened across the whole market These risks are mitigated through tight

Directors' report for the year ended 31 October 2012 (continued)

purchasing controls and appropriate pricing, and are managed through close monitoring of the KPI's and general market conditions, fixed price contracts and currency hedging

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of 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 invests surplus funds with financial institutions and has interest-bearing deposits with the immediate parent 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 consumers 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 suitable 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

Supplier risk
The principal supplier risks relate to committed airline seats and accommodation providers All aircraft seats and fuel are purchased at fixed prices for the relevant season and the directors only work with established charter and scheduled airline operators Hotel accommodation is principally non- committed, with annual reviews of agreed contract prices and allocations and chalets are typically contracted on a fixed price contract denominated in foreign currency

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' report for the year ended 31 October 2012 (continued)

Statement of disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor
KPMG LLP were appointed as auditors during the financial year Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements
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, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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

Directors' report for the year ended 31 October 2012 (continued)

Overseas branches
The company has overseas branches in France and Austria trading under the name Hotelplan Limited

By order of the Board

A Stewart
Company secretary
Mountain House
Station Road
Godalming
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GU7 1EX

KPMG
Dukes Keep
Marsh Lane
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SO14 3EX

Independent auditor's report to the members of Hotelplan Limited

We have audited the financial statements of Hotelplan Ltd for the year ended 31 October 2012 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)

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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/auditscopeukprivate.

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 2012 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

KPMG
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SO14 3EX

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

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

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

W Smith

William Smith (Senior Statutory Auditor)
For and on behalf of KPMG LLP
Statutory Auditor
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

18th March 2013.

Hotelplan Limited

Profit and loss account for the year ended 31 October 2012

	Note	2012 £'000	Restated 2011 £'000
Turnover	2	**111,867**	116,934
Cost of sales		**(102,152)**	(107,543)
Gross profit		**9,715**	9,391
Administrative expenses		**(11,354)**	(12,209)
Other operating income	3	**74**	253
Operating loss	4	**(1,565)**	(2,565)
Profit on sale of fixed assets	4	**3**	2,532
Loss on ordinary activities before interest		**(1,562)**	(33)
Interest receivable and similar income	7	**94**	92
Interest payable and similar charges	8	**(447)**	(293)
Other finance income	21	**109**	296
(Loss)/profit on ordinary activities before taxation		**(1,806)**	62
Tax on (loss)/profit on ordinary activities	9	**(197)**	(95)
Loss for the financial year	19	**(2,003)**	(33)

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

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

Notes on pages 12 to 31 form part of financial statement,

Hotelplan Limited

Statement of total recognised gains and losses for the year ended 31 October 2012

	Note	2012 £'000	2011 £'000
Loss for the financial year		**(2,003)**	(33)
Actuarial losses on pension scheme	21	**(749)**	(714)
Deferred tax arising on changes in actuarial benefits	21	**172**	179
Impact of change in tax rate on deferred tax		**20**	59
Total recognised gains and losses for the financial year		**(2,560)**	(509)

Hotelplan Limited

Balance sheet as at 31 October 2012

	Note	2012 £'000	Restated 2011 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	**1,270**	176
Investments	12	**7,077**	7,077
		8,347	7,253
Current assets			
Stock	13	**80**	-
Debtors	14	**7,952**	6,724
Cash at bank and in hand		**5,727**	9,758
		13,759	16,482
Creditors: amounts falling due within one year	15	**(17,325)**	(16,779)
Net current liabilities		**(3,566)**	(297)
Total assets less current liabilities		4,781	6,956
Provisions for liabilities	16	-	(41)
Net assets excluding pension asset		**4,781**	6,915
Net pension asset	21	**580**	1,006
Net assets including pension asset		**5,361**	7,921
Capital and reserves			
Called up share capital	18	**1,000**	1,000
Profit and loss account	19	**4,361**	6,921
Total shareholders' funds	20	**5,361**	7,921

The financial statements on pages 9 to 31 were approved by the Board of directors and authorised for issue on 18th March 2013 and are signed on its behalf by

M Glesti
Director

Hotelplan Limited

Notes to the financial statements for the year ended 31 October 2012

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

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 review of the business on pages 2 to 3 The financial position of the company, its cash flows and liquidity position are described in the director's report on pages 2 to 6 In addition, the director's report on pages 3 and 4 also include the company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company has considerable financial resources together with long term contracts with a number of key suppliers across the different geographic areas offered to our customers The company continues to maintain high customer satisfaction scores and loyalty resulting in a favourable repeat booking cycle The company has also gone through a considerable overhead cost reduction programme in the last two years in addition to the product changes introduced at Inghams As a consequence the directors believe that the company is considerably more responsive and well placed to manage its business risks successfully in the current uncertain economic outlook and deliver improved margins per passenger

At the financial year end, the company has favourable forward sales for the coming winter and summer seasons giving good visibility over future cash flows This is supported by the financial forecast for the year ending 31st October 2013 which see a return to profitability after three consecutive years of exceptional trading and costs, resulting in an improvement in working capital and net current assets The directors consequently have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Prior year adjustment

The prior year profit and loss account and balance sheet have been restated to reflect a change in accounting policy with respect to the recognition of year end revaluation gains and losses and the treatment of client monies in transit

At the year end, all balances denominated in foreign currencies are revalued from the accounting rate to the spot rate prevailing at the year end, resulting in a gain or loss which has previously been disclosed within direct costs These gains and losses are now recognised in interest receivable and similar income or interest payable and similar charges, and the effect on the31 October 2011 profit and loss account was to reallocate a £260k loss from direct costs to interest payable and similar charges (see note 8) The equivalent amount for the year ending 31 October 2012 was £414k

Notes to the financial statements fo the year ended 31 October 2012 (continued)

1 Accounting policies (continued)

Cash in transit reflects client monies paid by credit or debit card in respect of the settlement of their holiday balance These monies take approximately 3 to 4 working days to arrive in Hotelplan Limited's bank account from date of payment Previously, these funds in transit were recognised as cash but are now disclosed within trade debtors The affect of this change on the 31 October 2011 balance sheet is to reduce cash by £952k and increase trade debtors accordingly (the equivalent balance at 31 October 2012 was £815k)

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
Operating income is income derived from the use on online flights reservation system

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

Notes to the financial statements for the year ended 31 October 2012 (continued)

1 Accounting policies (continued)

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 11 years
Fixtures and fittings	useful economic life 5 – 8 years
Motor vehicles	useful economic life 5 years
Computer software	useful economic life 5 years

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

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

1 Accounting policies (continued)

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 22 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

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

Stock
Stock comprises of raw materials Stock is stated at the lower of cost and net realisable value Cost is determined in a first in first out basis Provisions, if necessary, are made for slow moving, obsolete and defective stock Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation

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

2 Turnover (continued)

	2012 £'000	2011 £'000
United Kingdom	**104,875**	108,077
Rest of world	**6,992**	8,857
	111,867	116,934

3 Other operating income

	2012 £'000	2011 £'000
Rent receivable	**-**	138
Recharge of staff to parent company	**-**	115
Commission from airline booking system	**74**	-
	74	253

4 Operating loss

	2012 £'000	2011 £'000
Operating loss is stated after charging/(crediting)		
Auditors' remuneration		
– audit of these financial statements	**36**	68
Depreciation of owned tangible fixed assets	**154**	112
Loss on disposal of tangible fixed assets	**-**	2
Operating lease charges – land and buildings	**205**	148
Management fee receivable from subsidiary undertaking	**(7,259)**	(6,698)
Management fee payable to parent undertaking	**402**	442

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

Notes to the financial statements for the year ended 31 October 2012 (continued)

5 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2011 £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

6 Staff costs

	2012	2011
	£'000	£'000
Wages and salaries	4,373	4,610
Social security costs	357	410
Other pension costs (note 21)	139	349
	4,869	5,369

	2012	2011
The average monthly number of persons employed (including directors on a service contract) by the company during the year was as follows	Number	Number
Sales	71	65
Operations	23	23
IT	7	11
Finance and Administration	13	17
Total	114	116

The monthly average above excludes overseas resort and chalet staff on seasonal contracts

7 Interest receivable and similar income

	2012	2011
	£'000	£'000
Bank interest receivable	44	34
Interest receivable from group undertakings	50	58
	94	92

Notes to the financial statements for the year ended 31 October 2012 (continued)

8 Interest payable and similar charges

	2012	restated 2011
	£'000	£'000
Bank interest payable	33	33
Net exchange losses	414	260
	447	293

9 Tax on (loss)/profit on ordinary activities

(a) Analysis of charge in the period

	2012	2011
	£'000	£'000
Current tax:		
United Kingdom corporation tax on (losses)/profit of the year	-	-
Adjustments in respect of previous years	-	178
Double taxation relief	(1)	(2)
	(1)	176
Overseas corporation tax on profits for the year	1	2
Total current tax (note 9(b))	-	178
Deferred tax:		
Origination and reversal of timing differences (note 9 (c))	160	(132)
Pension payments in excess of pension costs	37	49
Total deferred tax	197	(83)
Total tax on (loss)/profit on ordinary activities	197	95

Notes to the financial statements for the year ended 31 October 2012 (continued)

9 Tax on (loss)/profit 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 26% to 24% with effect from 1 April 2012 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24 8% and will be taxed at 24% in the future

The tax assessed for the year is higher (2011 higher) than the effective rate of corporation tax in the United Kingdom of 24 8% (2011 26 8%) The differences are reconciled below

	2012	2011
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	**(1,806)**	62
(Loss)/profit on ordinary activities multiplied by the effective rate in the United Kingdom of 24 8 % (2011 26 8%)	**(448)**	17
Expenses not deductible for tax purposes	**16**	51
(Accelerated capital allowances)/ depreciation in excess of capital allowances	**(110)**	(83)
Non-taxable profit on sale of building	**-**	(683)
Other timing differences	**(14)**	(33)
Adjustments in respect of previous years	**-**	178
Pension payments in excess of pension costs	**(37)**	(49)
Overseas corporation tax unutilised	**-**	-
Losses surrendered for group relief	**593**	780
Total current tax charge	**-**	178

(c) Deferred tax

	2012	2011
	£'000	£'000
Capital allowances in excess of depreciation	**(206)**	(342)
Other timing differences	**(20)**	(44)
Total deferred tax asset (note 15)	**(226)**	(386)

Notes to the financial statements for the year ended 31 October 2012 (continued)

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

	2012 £'000	2011 £'000
Deferred tax (asset) at beginning of period	**(386)**	(254)
Movement in period	**160**	(132)
Total deferred tax (asset) at end of period	**(226)**	(386)

The Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly The deferred tax asset at 31 October 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly '

Notes to the financial statements for the year ended 31 October 2012 (continued)

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 November 2011	1,550
Additions	-
At 31 October 2012	**1,550**
Accumulated amortisation	
At 1 November 2011	1,550
Charge for the year	-
At 31 October 2012	**1,550**
Net book amount	
At 31 October 2012	**-**
At 31 October 2011	-

Notes to the financial statements for the year ended 31 October 2012 (continued)

11 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Motor vehicles	Computer software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 November 2011	-	1,725	53	115	1,893
Additions	44	1,169	10	25	1,248
Disposals	-	(762)	(25)	-	(787)
At 31 October 2012	**44**	**2,132**	**38**	**140**	**2,354**
Accumulated depreciation					
At 1 November 2011	-	1,628	35	54	1,717
Charge for the year	-	118	8	28	154
Disposals	-	(762)	(25)	-	(787)
At 31 October 2012	**-**	**984**	**18**	**82**	**1,084**
Net book amount					
At 31 October 2012	**44**	**1,148**	**20**	**58**	**1,270**
At 31 October 2011	-	97	18	61	176

Notes to the financial statements for the year ended 31 October 2012 (continued)

12 Fixed asset investments

Shares in group companies	2011 £'000
Investment in subsidiary undertakings at cost	
At 1 November 2011	7,077
Additions	-
At 31 October 2012	**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

Notes to the financial statements for the year ended 31 October 2012 (continued)

13 Stock

	2012 £'000	2011 £'000
Raw materials and consumables	**80**	-

14 Debtors

	2012 £'000	Restated 2011 £'000
Trade debtors	**1,005**	1,234
Amounts owed by ultimate parent undertaking	**1,097**	253
Amounts owed by fellow subsidiary undertakings	**830**	1,137
Corporation tax	**549**	550
Deferred tax	**226**	386
Other debtors	**1,525**	874
Prepayments	**2,720**	2,290
	7,952	6,724

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

	2012 £'000	2011 £'000
Trade creditors	**1,531**	1,291
Amounts owed to group undertakings	**-**	1,348
Amounts owed to fellow subsidiary undertakings	**532**	474
Payments in respect of future holidays	**12,995**	11,020
Taxation and social security	**467**	381
Accruals and deferred income	**1,800**	2,265
	17,325	16,779

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

Notes to the financial statements for the year ended 31 October 2012 (continued)

16 Provisions for liabilities

	Chalet dilapidations
	£'000
At 1 November 2011	41
Credited to the profit and loss account	(41)
At 31 October 2012	**-**

17 Operating lease commitments

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

	Land and buildings	
	2012	2011
	£'000	£'000
Operating lease commitments which expire		
Within one year	**41**	264
In two to five years	**-**	65
	41	329

18 Called up share capital

	2012	2011
	£'000	£'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

Notes to the financial statements for the year ended 31 October 2012 (continued)

19 Profit and loss account

	Profit and loss account £'000
At 1 November 2011	6,921
Loss for the financial year	(2,003)
Actuarial losses on pension scheme net of deferred tax	(749)
Deferred tax relief on actuarial loss	192
At 31 October 2012	**4,361**

20 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Loss for the financial year	**(2,003)**	(33)
Actuarial losses on pension scheme	**(557)**	(476)
Net decrease in shareholders' funds	**(2,560)**	(509)
Opening shareholders' funds	**7,921**	8,430
Closing shareholders' funds	**5,361**	7,921

Notes to the financial statements for the year ended 31 October 2012 (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 2011, 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 5 7% and 2 6% 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 2012 were (in nominal terms)

	2012	2011
	%	%
Financial assumptions		
Rate of increase in salaries	**2 60**	2 80
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	**2.50**	2 70
Pension earned after 05/04/05	**2.50**	2 50
Discount rate	**4 40**	5 20
Inflation assumption	**2.50**	2 70

21 Pension commitments (continued)

	2012	2011
Life expectancy assumptions		
Member aged 65 at the effective date of calculations		
Male	**22.3**	22 3
Female	**24 6**	24 5
Member aged 65 at a date 20 years after the effective date of calculations		
Male	**23.7**	23 7
Female	**26.2**	26 1

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

	2012		2011	
	Long term rate of return expected	**Value**	Long term rate of return expected	Value
	%	**£'000**	%	£'000
Equities	**6.30**	**11,100**	6 60	10,128
Bonds	**4.20**	**3,440**	5 00	3,048
Property	**4 50**	**2,775**	5 60	2,684
Gilts	**2.80**	**1,753**	3 10	1,667
Cash (Trustee bank account)	**2 80**	**(136)**	3 10	2
Insured pensioners	**4 40**	**3,585**	5 00	3,334
Total market value of assets		**22,517**		20,863
Present value of scheme liabilities		**20,161**		(17,640)
Surplus in the scheme		**2,356**		3,223
Restriction on excess		**(1,603)**		(1,882)
Adjusted surplus in the scheme		**753**		1,341
Related deferred tax liability		**(173)**		(335)
Net pension asset		**580**		1,006

Notes to the financial statements for the year ended 31 October 2012 (continued)

21 Pension commitments (continued)

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

	2012 £'000	2011 £'000
Current service cost	**109**	296
Expected return on pension scheme assets	**(1,181)**	(1,331)
Effect of excess restriction recognised in P&L	**163**	81
Interest on pension scheme liabilities	**909**	954
Total	**-**	-
Actual return on plan assets	**1,903**	677

Actuarial gains and losses
The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,932 k (2011 £1,183k)

Reconciliation of the present value of scheme liabilities:

	2012 £'000	2011 £'000
1 November	**17,640**	18,284
Current service cost	**109**	296
Interest cost	**909**	954
Benefits paid	**(487)**	(268)
Actuarial losses/(gains)	**1,913**	(1,741)
Contributions by employees	**77**	115
31 October	**20,161**	17,640

The current service cost £109k (2011 £296k) 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

	2012	2011
	£'000	£'000
1 November	**20,863**	20,144
Expected return on scheme assets	**1,181**	1,331
Actuarial gains/(losses)	**722**	(654)
Benefits paid	**(487)**	(268)
Contributions paid by employer	**161**	195
Contributions paid by employees	**77**	115
31 October	**22,517**	20,863

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 £92k (2011 £200k) will be required to be paid into the scheme for the year ending 31 October 2013 The actual contributions paid into the scheme may however differ from this amount

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

	2012	2011	2010	2009	2008
	£'000	£'00C	£'000	£'000	£'000
Defined benefit obligation	**20,161**	(17,640)	(18,284)	(15,012)	(10,894)
Plan assets	**22,517**	20,863	20,144	17,715	15,783
Surplus	**2,356**	3,223	1,860	2,703	4,889
Experience adjustments on plan assets	**722**	(654)	1,150	471	(3,347)
Experience adjustments on plan liabilities	**392**	554	(820)	232	470
Total actuarial gains	**(1,191)**	1,087	(1,241)	(2,750)	710
Restriction excess	**442**	(1,801)	914	2,626	(3,540)
Total actuarial gains recognised in the STRGL	**(749)**	(714)	(327)	(124)	(2,830)

Notes to the financial statements for the year ended 31 October 2012 (continued)

21 Pension commitments (continued)

Excess

Under Financial Reporting Standard 17 'Retirement benefits', excess should be recognised on the balance sheet to the extent that the excess can be recovered by way of reduced employer contributions in the future or through refunds from the scheme (Financial Reporting Standard 17 'Retirement benefits' para 37) This has given rise to "excess not recognised" in the financial statements

Defined contribution scheme

The company commenced operating a defined contribution pension scheme during 2008 The amount charged in the year represents the contributions payable to the scheme in respect of the accounting period and amounted to £30k (2011 £53k) No amounts remain outstanding as at 31st October 2012 in respect of defined contribution scheme (2011 Nil)

22 Foreign exchange commitments

At 31 October 2012, the company held foreign currency forward exchange contracts to the value £57m (2011 £85m)

23 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Hotelplan (U K Group) Limited

This ultimate parent undertaking and controlling party is the Federation of Migros Co-operatives, a co-operative incorporated in Switzerland

The Federation of Migros Co-operatives is the parent undertaking for the largest group of undertakings to consolidate these financial statements at 31 October 2012 The consolidated financial statements of the Federation of Migros Co-operatives are available from 152 Limmatstrasse, CH8005, Zurich, Switzerland

Hotelplan (U K Group) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements The consolidated financial statements of Hotelplan (U K Group) Limited can be obtained from Mountain House, Station Road, Godalming, GU7 1EX, United Kingdom