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Thomas Cook Holidays Limited
Annual report
for the period ended 30 September 2008

Registered Number 634534

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Thomas Cook Holidays Limited

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Thomas Cook Holidays Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report. Since the publication of the last annual report, the accounting period of the company has been changed from 31 October to 30 September. This annual report covers the 11 month period ended 30 September 2008. The company has adopted International Financial Reporting Standards ('IFRS') for the first time this year.

Business review & principal activities

Thomas Cook Holidays Limited is a subsidiary of Thomas Cook Group plc, a company that is listed on the London Stock Exchange.

The results for the company show a pre tax loss of £0.005 million (2007: profit of £0.122 million) for the year. The group has net liabilities of £0.037 million (2007: £0.032 million).

The UK group now divides its operations into two clear segments

- Mainstream Operations - Including packaged holidays, airline operations, sales channels including retail & dotcom as well as central functions.
- Independent Businesses - Including dynamic packaging / component travel businesses, scheduled tour operators.

Thomas Cook Holidays Limited did not trade during the period under review. There is no intention to commence trade during the forthcoming year.

Principal risks and uncertainties

The directors of Thomas Cook Group plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Thomas Cook Holidays Limited's business. The principal risks and uncertainties of Thomas Cook Group plc, which include those of the company, are discussed on page 46 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company's risk management objectives and policies are not considered material for an assessment of the company's assets, liabilities, financial position and result. The company has no material exposure to price risk, credit risk, liquidity risk or cash flow risk.

Charitable and political donations

During the period, the company made no donations for charitable or political purposes (2007: nil).

Dividends

The directors do not recommend the payment of a dividend to equity shareholders (2007 – £nil). The dividend earned by non-equity shareholders in the year is £37,000 (2007: £32,000). The non-equity shareholders waived the right to any cumulative dividends after the year end. This has been disclosed as a significant post balance sheet event in the notes to these statements.

Thomas Cook Holidays Limited

Directors' report (continued)

Directors

David Michael William Hallisey
Christopher James Gadsby

Secretary

David Michael William Hallisey

Auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

The Thomas Cook Business Park
Coningsby Road
Peterborough
Cambridgeshire
PE3 8SB

By order of the Board,



D M W Hallisey, Director
24th July 2009

Thomas Cook Holidays Limited

Independent auditors' report to the members of Thomas Cook Holidays Limited

We have audited the financial statements of Thomas Cook Holidays Limited for the period ended 30 September 2008 which comprise the Income Statement, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Thomas Cook Holidays Limited

Independent auditors' report to the members of Thomas Cook Holidays Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs at 30 September 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

28th July 2009.

Thomas Cook Holidays Limited

Income statement

Period ended 30 September 2008

		Eleven months ended 30 September 2008 £'000	Year ended 31 October 2007 £'000
	Note		
Finance cost	3	(5)	122
(Loss)/profit before and after tax for the period		(5)	122
Attributable to:			
Equity holders of the parent		(5)	122

All of the revenues and results arose from continuing operations.

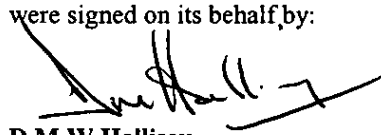
There are no recognised income or expenses for either period other than the result for the period, consequently no separate statement of recognised income and expense has been presented.

Thomas Cook Holidays Limited

Balance sheet 30 September 2008

	Note	30 September 2008 £'000	31 October 2007 £'000
Non-current assets			
Investments	8	<u>1,071</u>	<u>1,071</u>
Current liabilities			
Trade and other payables	9	<u>(1,108)</u>	<u>(1,103)</u>
Net current liabilities		<u>(1,108)</u>	<u>(1,103)</u>
Net liabilities		<u>(37)</u>	<u>(32)</u>
Equity			
Called up share capital	10	50	50
Retained earnings	11	<u>(87)</u>	<u>(82)</u>
Equity attributable to equity holders of the parent		<u>(37)</u>	<u>(32)</u>

The financial statements were approved by the board of directors and authorised for issue on 24th July 2009. They were signed on its behalf by:



D M W Hallisey
Director

Thomas Cook Holidays Limited

Notes to the financial statements

Period ended 30 September 2008

1. General information

Thomas Cook Holidays Limited is a company incorporated in England and Wales under the Companies Act 1985. The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB. The nature of the company's operation and its principal activities are set out in the Directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

At the date of authorisation of these financial statements, the following Standards and Interpretations that are expected to impact on the company but which have not been applied in these financial statements, were in issue but not yet effective.

IAS 1 (Revised) 'Presentation of financial statements', revised version issued in January 2008, effective for annual periods beginning on or after 1 January 2009. This changes the presentation requirements for other comprehensive income and transactions with shareholders, and requires increased disclosures when there is a restatement of comparatives. Adopting this standard will not affect the recognition, measurement or disclosure of any transactions or events.

IAS 23 (Amendment) 'Borrowing costs', revised version issued in March 2007, effective for annual periods beginning on or after 1 January 2009. This eliminates the option of expensing all borrowing costs when they are incurred and is not expected to have a material impact on the Company.

IAS 32 (Amendment) 'Financial instruments: Presentation', issued in February 2008, effective for annual periods beginning on or after 1 January 2009. This clarifies the treatment of puttable financial instruments. The adoption of this amendment is not expected to have a material impact on the company.

IAS 27 (Revised) 'Consolidated and separate financial statements', issued January 2008, effective for annual periods beginning on or after 1 July 2009. This will require a different accounting treatment for minority interest but it is not expected to affect the Company's financial results or position materially.

IFRS 2 (Amendment) 'Share based payments', issued January 2008, effective for annual periods beginning on or after 1 January 2009. This provides a definition of vesting conditions and specifies the accounting treatment for non-vesting conditions. The adoption of this amendment is not expected to have a material impact on the company.

IFRS 3 (Revised) 'Business combinations', issued January 2008, effective for annual periods beginning on or after 1 July 2009. This will significantly change the recognition of goodwill, acquisition costs and contingent consideration relating to acquisitions. The adoption of this amendment is not expected to have a material impact on the company.

IFRS 8 'Operating segments', issued in November 2006, effective for periods beginning on or after 1 January 2009. This may change the way in which we report operating segments. As the company is not quoted, it is not in scope of IFRS 8, and any such changes would be voluntary.

IFRIC 12 'Service concession arrangements', issued in December 2006, effective for annual periods beginning on or after 1 January 2008. The adoption of this amendment is not expected to have a material impact on the company.

IFRIC 13 'Customer loyalty programmes', issued in June 2007, effective for annual periods beginning on or after 1 July 2008. The adoption of this amendment is not expected to have a material impact on the company.

Thomas Cook Holidays Limited

Notes to the financial statements Period ended 30 September 2008

1. General information (continued)

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', issued in July 2007, effective for annual periods beginning on or after 1 Jan 2008. The adoption of this amendment is not expected to have a material impact on the company.

IFRIC 16 'Hedges of a net investment in a foreign operation', issued in July 2007, effective for annual periods beginning on or after 1 October 2008. The adoption of this amendment is not expected to have a material impact on the company.

IFRIC 17 'Distributions of Non-cash Assets to Owners', Issued in November 2008, effective for annual periods beginning on or after 1 July 2009. A detailed review of the impact of this interpretation is currently in progress.

IFRIC 18 'Transfers of Assets from Customers', Issued in January 2009, effective for transfers of assets from customers received on or after 1 July 2009. A detailed review of the impact of this interpretation is currently in progress.

The directors anticipate the adoption of these standards and interpretations will have no material impact on the financial statements. The directors anticipate that the company will adopt these standards and interpretations on their effective dates.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to the periods presented and to the opening balance sheet prepared as at 1 November 2006, the company's date of transition to IFRS (see below) unless otherwise stated.

Adoption of International Financial Reporting and Accounting Standards (IFRSs) as adopted by the EU

This is the first set of financial statements prepared in accordance with IFRSs adopted for use in the European Union. The company's financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) until 31 October 2007. UK GAAP differs in some areas from IFRS.

The adoption of IFRS in these financial statements has not given rise to any change in the net assets or the net profit for the company as previously stated under UK GAAP, and as such no reconciliations of net assets or net profit have been presented.

The adoption of IFRS has given rise to a number of additional disclosures in these financial statements, including comparatives for 2007. The most significant additional disclosures are the inclusion of a cash flow statement, where necessary, in accordance with IAS 7, "Cash flow statements" and the presentation of certain disclosures relating to financial instruments in accordance with IFRS 7, "Financial instruments: Disclosures".

First-time adoption of IFRS

For the period ended 30 September 2008 the company has applied the principles set out in IFRS 1 – First-time adoption of International Financial Reporting Standards, which has been applied in preparing these financial statements.

IFRS 1 sets out the procedures that must be followed when adopting IFRS for the first time. The company is required to establish its IFRS accounting policies and, in general, apply these retrospectively to determine the IFRS opening balance sheet at the date of transition, 1 November 2006. IFRS 1 provides a number of optional exemptions to this general principle, none of these exemptions are relevant to the company's adoption of IFRS.

Thomas Cook Holidays Limited

Notes to the financial statements Period ended 30 September 2008

2. Significant accounting policies (continued)

Basis of accounting

These financial statements have been prepared in accordance with IFRSs as adopted by the EU, those International Financial Reporting Interpretations Committee (IFRIC) interpretations that are relevant to its operations and effective for accounting periods beginning on 1 November 2007, and with those parts of the Companies Act 1985 applicable to Companies reporting under IFRS.

The financial statements have been prepared on a going concern basis. The company's immediate parent, Thomas Cook Signature Limited has indicated its continuing commitment and support for the business. Adequate bank facilities have been obtained and the directors of Thomas Cook Group plc (Thomas Cook Holidays Limited's intermediate holding company) intend to make sufficient amounts available to the company to enable it to meet its liabilities as they fall due and to continue as a going concern.

During the period, the company's accounting reference date was changed to 30 September.

The company has no cash transactions. All transactions are settled by a fellow subsidiary, and as such, no cash flow statement has been produced.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below:

Pension

The company does not provide pension scheme arrangements.

Financial instruments

Given the simple nature of the company's operations, the directors do not believe that the company has any material exposure to price risk, credit risk, liquidity risk or cash flow risk. As such, no sensitivity analysis of the impact of reasonably possible changes in these risk variables on the company has been presented.

Critical judgements and key sources of estimation uncertainty

Given the simple nature of the company's operations, the directors do not believe there are any critical judgements or key sources of estimation uncertainty in the preparation of these financial statements.

Subsidiary undertakings

Investments in subsidiary undertakings are accounted for at cost less provision for impairment.

3. Finance cost

	Eleven months ended 30 September 2008 £'000	Year ended 31 October 2007 £'000
Preference share dividend due: 4.4 pence (2007: 3.8 pence) per share	37	32
Waived preference share dividend	(32)	(154)
	<u>5</u>	<u>(122)</u>

Thomas Cook Holidays Limited

Notes to the financial statements Period ended 30 September 2008

3. Finance cost (continued)

The holders of the preference shares waived the rights to any cumulative dividends due to them for the year ended 31 October 2007. This was noted as a post balance sheet event in the previous year's accounts. The impact of this waiver is that the liability in relation to the cumulative dividends has been released through the current year profit and loss account.

4. Employee information

The company had no employees during the period (2007: nil).

5. Directors' remuneration

Directors' remuneration is borne centrally and is paid for by Thomas Cook Retail Limited.

6. Auditors' remuneration

Auditors' remuneration is paid for centrally and is included within the statutory accounts of Thomas Cook Retail Limited. No audit fees or non-audit fees were paid directly by the company.

7. Tax

	30 September 2008 £'000	31 October 2007 £'000
Current Tax		
(Loss)/profit on ordinary activities before taxation	(5)	122
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.91% (2007: 30%)	(1)	37
Effects of: Expenses not deductible for tax purposes	1	(37)
Total current tax	-	-

The company had no deferred tax assets or liabilities at 30 September 2008 (2007: £nil).

Thomas Cook Holidays Limited

Notes to the financial statements Period ended 30 September 2008

8. Investments

	£'000
Cost and carrying value	
At 1 November 2006	1,071
At 31 October 2007	1,071
At 30 September 2008	1,071

	30 September 2008 £'000	31 October 2007 £'000
Investments in subsidiary undertakings		
Cost		
Time Off Limited	821	821
A.A.H. (1997) Limited	250	250
Total	1,071	1,071

The company's investment comprises interests in group undertakings, details of which are shown below. The subsidiary undertakings are incorporated and registered in England and Wales.

Name of undertaking	Description of shares held	Proportion of nominal value shares held by the group %	Nature of activity
Time Off Limited	107,143 Ordinary shares of £1 each. 700,000 Preference shares of £1 each	100% 100%	Dormant
A.A.H. (1997) Limited	50,000 Ordinary shares of £1 each. 200,000 Preference shares of £1 each.	100% 100%	Dormant

The preference shares do not carry any voting rights and were issued at par. Shareholders have no rights to dividends and, on winding up, preference shareholders rank above ordinary shareholders. The preference shares may be redeemed at par by the shareholders giving 7 days notice or by the company giving not less than 3 months notice.

In accordance with accounting standards, the parent company, Thomas Cook Group plc, annually tests the carrying value of goodwill for impairment. At 30 September 2008, the review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the present value of future cash flows derived from those assets. Further details are given on page 86 of the financial statements of Thomas Cook Group plc. The review determined that there had been no impairment in the UK segment and hence the intangible assets in the company are also considered to be unimpaired. The directors of Thomas Cook Holidays Limited are satisfied that there would be no significant change to this review had it been conducted on the date of the financial statement approval.

Thomas Cook Holidays Limited

Notes to the financial statements

Period ended 30 September 2008

9. Trade and other payables

	30 September 2008 £'000	31 October 2007 £'000
Amount due to Group undertakings	237	237
Redeemable preference shares of £1 each	834	834
Cumulative dividend arrears on preference shares	37	32
	<u>1,108</u>	<u>1,103</u>

The preference shares do not carry any voting rights and were issued at par.

The holders of the redeemable preference shares shall be entitled to be paid a cumulative preferential dividend calculated on the par value of each share.

The preference shares may be redeemed at par by the shareholders giving 7 days notice or by the company giving not less than 3 months notice.

10. Called up share capital

	30 September 2008 £'000	31 October 2007 £'000
Authorised		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

11. Retained earnings

	£'000
Balance at 1 November 2006	(204)
Profit for the year	<u>122</u>
Balance at 31 October 2007	(82)
Loss for the period	<u>(5)</u>
Balance at 30 September 2008	<u>(87)</u>

Thomas Cook Holidays Limited

Notes to the financial statements

Period ended 30 September 2008

12. Ultimate controlling party

The company is a subsidiary of Thomas Cook Signature Limited which is incorporated in England and Wales.

Arcandor AG, incorporated in Germany, is regarded by the directors as the company's ultimate parent undertaking and ultimate controlling party.

The smallest group in which the results of the company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated accounts of Thomas Cook Group plc may be obtained from The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB.

13. Explanation of transition to IFRS

This is the first year that the Company has presented its financial statements under IFRS. No disclosures are required in the year of transition. The latest financial statements under UK GAAP were for the year ended 31 October 2007 and the date of transition to IFRS was therefore 1 November 2006.

14. Events after the balance sheet date

The holders of the preference shares waived the rights to any dividends after the balance sheet date. The impact of this waiver is that the liability in relation to the cumulative dividends has been cancelled.