

TUI UK Transport Limited

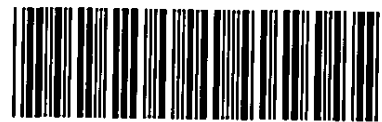
Directors' Report and Financial Statements

for the year ended

30 September 2009

Company number 1014599

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TUI UK TRANSPORT LIMITED
Report of the Directors for the year ended 30 September 2009

The Directors submit their report and the audited financial statements of TUI UK Transport Limited ("the Company") for the year ended 30 September 2009

Principal activity

The principal activity of the Company is that of a transport broker to the parent company, TUI UK Limited, and other companies within the TUI Travel PLC group of companies ("the Group"). The Company purchases transport services from Group companies and third party airlines and sells them on to TUI UK Limited and other subsidiary companies within the Group.

Results and dividends

The profit on ordinary activities before taxation for the year ended 30 September 2009 amounted to £214,505,000 (2008 profit £121,181,000). There were dividends paid during the year of £214,494,000 (2008 £121,163,000). The Directors do not recommend the payment of a final dividend.

Business review

The Company will continue to act as a transport broker for TUI UK Limited and other Group companies for the foreseeable future.

On 1 October 2008 the Company acquired 100% of the share capital of the following companies from a fellow group undertaking:

Globesavers Limited
Viking Aviation Limited

On 1 October 2008 the Company also acquired the trade and assets of the following companies:

Citalia Transport Limited
First Choice Aviation Limited
Globesavers Limited
Meon Transport Limited
Skibound Holidays Limited
Viking Aviation Limited
Waymark Transport Limited

The value of assets and liabilities acquired, consideration payable and goodwill arising on acquisition is set out in Note 15.

As the Directors manage the Company in co-ordination with the management of the TUI Travel PLC Mainstream business, they take the view that analysis using key performance indicators ("KPIs") for the Company alone is not necessary or appropriate for an understanding of the development, performance and positioning of its business.

The development, performance and positioning of the Mainstream Sector, which includes the Company, is discussed in the Business Performance section within TUI Travel PLC's annual report, which does not form part of this report.

Funding and liquidity

The Directors have considered the funding and liquidity position of the Company and of its intermediate parent company TUI Travel PLC. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Directors

The Directors of the Company at the date of this report are:

D M Taylor
P R Tymms
J Walter

TUI UK TRANSPORT LIMITED

Report of the Directors for the year ended 30 September 2009 (continued)

Policy and practice on payment of suppliers

The Company did not trade with external suppliers and therefore no trade creditors existed at any time during the year

Directors' insurance

The intermediate parent company, TUI Travel PLC, maintains Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company for all wrongful acts

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each 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 that information

Auditors

During the year PricewaterhouseCoopers LLP resigned as auditors and the Directors appointed KPMG Audit Plc as auditors of the Company Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

By order of the Board



P R Tymms
Director

Dated 27 August 2010

Company Number 1014599

TUI UK TRANSPORT LIMITED

Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements for the year ended 30 September 2009

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 estimates that are reasonable and prudent,
- state whether applicable UK 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

TUI UK TRANSPORT LIMITED

Report of the independent auditors to the members of TUI UK Transport Limited

We have audited the financial statements of TUI UK Transport Limited for the year ended 30 September 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 3, 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 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 website at www.frc.org.uk/apb/scope/UKNP

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 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

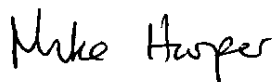
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



Mike Harper (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

27 August 2010

TUI UK TRANSPORT LIMITED
Profit and loss account for the year ended 30 September 2009

	Note	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Turnover	1, 2	2,007,977	1,270,819
Cost of sales		<u>(1,780,261)</u>	<u>(1,149,638)</u>
Gross profit		227,716	121,181
Administrative expenses		<u>(13,211)</u>	-
Profit on ordinary activities before taxation	3	214,505	121,181
Tax on profit on ordinary activities	5	<u>(11)</u>	<u>(18)</u>
Profit for the financial year	14	<u>214,494</u>	<u>121,163</u>

The results stated above are all derived from continuing operations and those acquired in 2009

A note on historical cost profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

The transactions relating to the acquisition of trade and assets have been accounted for using the acquisition method of accounting. There was no minority interest. It is not possible to separately disclose the post-acquisition results of the acquired businesses because the combined entity has been operating as a fully integrated business, the results of which have been recorded in a single ledger, with no distinction made between the legacy operations. For more information see Note 15

TUI UK TRANSPORT LIMITED
Balance sheet at 30 September 2009

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed assets			
Intangible assets	6	10,166	-
Investments	7	15,711	-
		<u>25,877</u>	<u>-</u>
Current assets			
Debtors	8	43,794	210,842
		<u>43,794</u>	<u>210,842</u>
Creditors' amounts falling due within one year	9	(42,291)	(210,821)
Net current assets		<u>1,503</u>	<u>21</u>
Total assets less current liabilities		27,380	21
Creditors: amounts falling due after more than one year	10	(27,359)	-
Net assets		<u><u>21</u></u>	<u><u>21</u></u>
Capital and reserves			
Called up share capital	12	20	20
Profit and loss account	13	1	1
Shareholders' funds - equity	14	<u><u>21</u></u>	<u><u>21</u></u>

The financial statements were approved by the Board on 27 August 2010 and signed on their behalf by



P R Tymms
Director

TUI UK TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

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

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

The accounts are prepared on the going concern basis as TUI Travel PLC has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the Group.

Intangible assets

Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its useful economic life which is determined to be 20 years.

Investments

Investments in subsidiary companies are stated at cost less provision for diminution in value.

Taxation

UK Corporation Tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the group headed by TUI Travel PLC.

Turnover

Turnover represents the aggregate amount of revenue receivable in the ordinary course of business. Turnover is stated net of discounts. Revenue is recognised on the date of departure and the related costs of holidays and flights are charged to the profit and loss on the same basis.

2. Segmental analysis

The Company has one class of business, namely acting as a transport broker. All turnover originates within the UK.

3. Profit on ordinary activities before taxation

In 2009 and 2008, auditors' remuneration was paid by another Group company. The audit fee relating to the Company in the current year was £15,000 (2008: £15,000). The fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the Company's intermediate parent, TUI Travel PLC.

TUI UK TRANSPORT LIMITED**Notes forming part of the financial statements for the year ended 30 September 2009 (continued)****3. Profit on ordinary activities before taxation (continued)**

Cost of sales comprises transport costs including operating lease rentals (Note 11)

Administrative expenses comprise amortisation of £535,000 (2008 £nil) and management fees payable to Group undertakings in respect of transport services

4. Staff costs (including Directors' remuneration)

There were no employees in the year ended 30 September 2009 (30 September 2008 no employees)

The Directors received no remuneration in respect of services to the Company in either the current or prior year

5. Taxation**(i) Analysis of tax charge in year**

Current tax

UK corporation tax on tonnage tax profits

Adjustments in respect of previous years

Amount payable to fellow subsidiaries for group relief

Total current tax

Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
8	9
-	9
3	-
11	18

(ii) Factors affecting the current tax charge for year

The current tax charge (2008 charge) for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 29%) The differences are explained below

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Profit on ordinary activities before tax	214,505	121,181
Profit on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	60,061	35,142
Effect of		
- Expenses not deductible for tax purposes	3,703	720
- Income not chargeable for tax purposes	(63,761)	(35,862)
- Tonnage tax	8	9
- Adjustment in respect of previous periods	-	9
Current tax charge for the year	11	18

TUI UK TRANSPORT LIMITEDNotes forming part of the financial statements for the year ended 30 September 2009 (*continued*)**5. Taxation (continued)****(iii) Factors affecting the future tax charge / (credit)**

The rate of taxation is expected to follow the standard rate of UK Corporation tax of 28% in future periods, after adjustment for non-taxable income and non-deductible expenses which are anticipated to be at a similar level to the current year

There are no unrecognized deferred tax assets or unprovided deferred tax liabilities at either 30 September 2009 or 30 September 2008

6. Intangible fixed assets

	Goodwill £'000
<i>Net book value</i>	
At 1 October 2008	-
Additions (note 15)	10,701
Amortisation for the year	<u>(535)</u>
At 30 September 2009	<u>10,166</u>

On 1 October 2008 all of the trade, assets and liabilities of Citalia Transport Limited, Meon Transport Limited, Skibound Holidays Limited, Waymark Transport Limited, First Choice Aviation Limited, Globesavers Limited and Viking Aviation Limited, all fellow subsidiary undertakings, were purchased by the Company for consideration of £27,361,000. Goodwill arising on acquisition totalled £10,701,000 (Note 15)

	Shares in group undertakings £'000
<i>Cost</i>	
At 1 October 2008	-
Additions	15,711
At 30 September 2009	<u>15,711</u>

The year end investment value includes investments in the following subsidiaries whose trade has been transferred to the Company

Name of Company	% of voting shares held	Country of Incorporation / registration
Globesavers Limited	100	United Kingdom
Viking Aviation Limited	100	United Kingdom

TUI UK TRANSPORT LIMITED**Notes forming part of the financial statements for the year ended 30 September 2009 (continued)****8. Debtors**

	30 September 2009 £'000	30 September 2008 £'000
Amounts owed by Group undertakings	41,262	210,404
Other debtors	2,221	438
Prepayments and accrued income	311	-
	<u>43,794</u>	<u>210,842</u>

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and balances do not bear interest

9. Creditors' amounts falling due within one year

	30 September 2009 £'000	30 September 2008 £'000
Bank overdrafts	2,036	-
Amounts owed to Group undertakings	29,635	210,821
Taxation - group relief payable	10,533	-
Other creditors including taxation and social security	87	-
	<u>42,291</u>	<u>210,821</u>

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and balances do not bear interest. With the exception of the £11,000 charge for the current year, the group relief payable balance was acquired as part of the transactions set out in Note 15

10. Creditors: amounts falling due after more than one year

	30 September 2009 £'000	30 September 2008 £'000
Amounts owed to Group undertakings	27,359	-
	<u>27,359</u>	<u>-</u>

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and balances do not bear interest.

TUI UK TRANSPORT LIMITEDNotes forming part of the financial statements for the year ended 30 September 2009 (*continued*)**11. Lease commitments**

The Company has annual commitments under non-cancellable operating leases as follows

	Ship Charter 30 September 2009 £'000	Ship Charter 30 September 2008 £'000
Operating leases which expire:		
Within one year	770	2,747
Between one and five years	17,726	16,176
More than five years	-	-
	<u>18,496</u>	<u>18,923</u>

The rental charge for the year in respect of operating leases was £23,588,000 (2008 £23,282,000)

12. Share Capital

	30 September 2009 £'000	30 September 2008 £'000
<i>Authorised, issued and fully paid</i>		
20,000 Ordinary Shares of £1 each	<u>20</u>	<u>20</u>

13. Reserves

	Profit and loss account £'000
At 1 October 2008	1
Profit for the financial year	214,494
Dividends paid	<u>(214,494)</u>
At 30 September 2009	<u>1</u>

14. Reconciliation of movements in shareholders' funds

	30 September 2009 £'000	30 September 2008 £'000
Opening shareholders' funds	21	21
Profit for the financial year	214,494	121,163
Dividends paid	<u>(214,494)</u>	<u>(121,163)</u>
Closing shareholders' funds	<u>21</u>	<u>21</u>

All shareholders' funds relate to equity interests

TUI UK TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

15. Financial implications of the business acquisitions

With respect to the acquisition of trade and assets as outlined in the business review, the basis of valuation for the individual entities was determined by the market value

The value of the assets and liabilities transferred are shown below

Company	Citalia Transport Limited £'000	First Choice Aviation Limited £'000	Globesavers Limited £'000	Meon Transport Limited £'000	Skibound Holidays Limited £'000	Viking Aviation Limited £'000	Waymark Transport Limited £'000	Total £'000
Cash	-	-	-	-	8,925	25,305	-	34,230
Debtors	81	7,755	1,377	779	845	26	2	10,865
Total assets	81	7,755	1,377	779	9,770	25,331	2	45,095
Creditors amounts falling due within one year	-	(985)	(1,266)	(777)	(4,978)	(20,429)	-	(28,435)
Total liabilities	-	(985)	(1,266)	(777)	(4,978)	(20,429)	-	(28,435)
Net assets	81	6,770	111	2	4,792	4,902	2	16,660
Consideration payable	81	6,770	111	2	4,795	15,600	2	27,361
Goodwill on acquisition	-	-	-	-	3	10,698	-	10,701

The Directors have considered the fair values of the net assets and liabilities acquired and believe that these equate to book value

16. Ultimate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany), which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate parent company is TUI UK Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tui-group.com