

Sunsail Limited

**Directors' report and financial statements
for the year ended 30 September 2011**

Company number 1239190

FRIDAY



A11F6R75

A01

28/09/2012

#455

COMPANIES HOUSE

The Directors present their report and the audited financial statements of Sunsail Limited ("the Company") for the year ended 30 September 2011

Principal activity

The Company's principal activity during the year continued to be the promotion and provision of sailing and sailing club holidays

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2011 was £9,524,000 (2010 £7,788,000) No dividends were paid during the year (2010 £nil) and the Directors do not recommend the payment of a final dividend

Business review

In the year ended 30 September 2011, the Company operated sailing club and windsurfing resorts in Greece and Egypt

The Directors continue to review the Company's operational structure with a view to improving its ability to respond successfully to challenging trading conditions and are exploring several development opportunities for future seasons

During the year, the Directors managed the risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the TUI Travel PLC group of companies ("the Group") The Company's risks and uncertainties are reviewed in the context of the Group and the Directors believe that this review process is appropriate given that the Company's operations are managed in co-ordination with those of the TUI Travel Specialist & Activity Sector businesses The principal risks and uncertainties which are common to the Group and the Company are

- **Economic downturn.** The current economic environment remains challenging and customer demand remains under pressure The Directors consider the Company has, within the context of the Group, appropriate planning processes in place and continue to monitor the trading outlook Appropriate mitigating action is taken where necessary to maximise profitability, such as maintaining flexible pricing, managing capacity commitments and focusing on cost control
- **Climate change risk** As a tour operator we use our Group's aircraft to take people on holidays around the world We recognise that operating in a carbon-intensive industry does have an effect on the environment The Group has a carbon management strategy to reduce the Group's greenhouse gas emissions from all divisions with the Group and is preparing for regulatory proposals on climate change
- **Geo-political events and natural disasters** The nature of the business means that the Company is at risk of geo-political events or natural disasters It is for this reason that the Company ensures it operates with a flexible and efficient business model and minimises the reliance on any one destination
- **Health and safety.** Accidents or injuries to our employees or customers whilst in our care as a result of failure in our due diligence process or supplier negligence could have a significant effect on the Company, its brand and ultimately, customer demand The Company takes a risk-based approach to Health & Safety due diligence including destination-based quality assessments and employing industry-leading expertise to set policy and provide guidance
- **Commercial relationships.** The Company has well established and close relationships with its customers and suppliers and spreads its risk by not placing over-reliance on any one supplier in any particular area However, if a relationship were lost or damaged with a major supplier this could have a detrimental effect on the business The management team meets regularly with suppliers to maintain good working relationships and to understand the supplier's financial position

Business review (continued)

- **Information technology.** The Company is heavily reliant upon information technology. Investment is being made to ensure that there are advanced and efficient systems in place but there is a risk if there were a major failure – particularly if it were to affect selling systems. Procedures are in place to minimise the time a selling system is unavailable in the event of such a failure.
- **Financial Risk.** General cost base increases together with unhedged foreign exchange rates and fuel prices have the potential to materially reduce margins. The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. This support includes, inter alia, setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future.

As the Directors manage the Company in co-ordination with the management of the TUI Travel Specialist & Activity Sector businesses, 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 Specialist & Activity Sector, which includes the Company, is discussed in the Business Performance section within the TUI Travel PLC 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. Please also refer to note 1.

Directors

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

R C Bainbridge	(appointed 7 March 2012)
P V Y Cochran	
J J G Grisdale	(appointed 28 February 2011)
D Mee	
C Powell	

Other directors who served during the year are

H W S Boulton	(appointed 28 February 2011 and resigned 28 September 2011)
J Wimbleton	(resigned 10 July 2012)

Disabled employees

The policy of the Company is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Whenever possible the Company continues to employ those employees who have become disabled. The Company makes arrangements for the training and career development of all disabled employees.

Employee involvement

The policy of the Company is to ensure that employees are kept well informed by way of briefings, reports, newsletters and notices describing the activities and performance of Group undertakings.

Policy and practice on payment of creditors

It is the Company's policy wherever possible to agree terms of payment with suppliers in advance to ensure that they are made aware of the terms of payment and both parties abide by those terms. Due to the nature of the Company's operations, and common to the industry as a whole, payments are often made in advance of the provision of goods and services. The Company has not calculated the average creditor settlement period as, due to the differing terms in force, any such average would not be meaningful.

Independent auditors

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

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. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision.

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.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

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

By Order of the Board



R C Bainbridge
Director
Company Number 1239190

Dated 28 September 2012

We have audited the financial statements of Sunsail Limited for the year ended 30 September 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Statement of Responsibilities 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

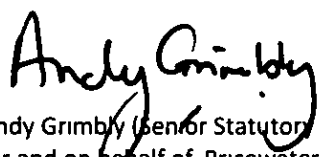
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



Andy Grimby (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

28 September 2012

Sunsail Limited
Profit and loss account for the year ended 30 September 2011

		Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
	Note		
Turnover		19,416	20,528
Cost of sales		(16,531)	(15,542)
Gross profit		2,885	4,986
Distribution costs		(565)	(531)
Administrative expenses		2,638	(1,731)
Operating profit		4,958	2,724
Interest receivable and similar income	4	7,060	5,641
Interest payable and similar charges	5	(2,494)	(577)
Profit on ordinary activities before taxation	2	9,524	7,788
Tax on profit on ordinary activities	6	(2,214)	(2,243)
Profit for the financial year	18	7,310	5,545

The results stated above are all derived from continuing operations

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

Sunsail Limited
Balance Sheet as at 30 September 2011

		30 September 2011 £000	Restated 30 September 2010 £000
	Note		
Fixed assets			
Intangible fixed assets	7	-	10
Tangible fixed assets	8	573	863
Investments	9	-	-
		<u>573</u>	<u>873</u>
Current assets			
Stocks	10	271	490
Debtors	11	83,993	108,016
Cash at bank and in hand		14,516	13,951
		<u>98,780</u>	<u>122,457</u>
Creditors: amounts falling due within one year	12	<u>(112,140)</u>	<u>(143,966)</u>
Net current liabilities		(13,360)	(21,509)
Total assets less current liabilities		<u>(12,787)</u>	<u>(20,636)</u>
Creditors: amounts falling due after more than one year	13	(2,371)	(2,371)
Provisions for liabilities and charges	15	(1,087)	(548)
Net liabilities		<u>(16,245)</u>	<u>(23,555)</u>
Capital and reserves			
Called up share capital	17	66	66
Profit and loss account	18	(16,311)	(23,621)
Equity shareholders' deficit	19	<u>(16,245)</u>	<u>(23,555)</u>

The notes on pages 7 to 15 form part of these financial statements

The 2010 numbers have been restated to reflect a classification error between creditors and provisions

The financial statements were approved by the Board on 28 September 2012 and signed on their behalf by



R C Bainbridge
Director

1. Accounting policies

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

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

Cash flow

Under Financial Reporting Standard 1 (revised 1996) "Cashflow Statements" 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

At 30 September 2011, the Company had net current liabilities and net liabilities

The accounts are prepared on the going concern basis as the intermediate parent Company, 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

Turnover

Turnover represents the total amount, excluding Value Added Tax, invoiced by the Company in respect of services provided in the ordinary course of business and arises in the United Kingdom. Revenue is recognised on the date of departure and the related costs of distribution and of providing the holidays and flights are charged to the profit and loss account on the same basis

Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred

Intangible assets

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised on a straight-line basis over its useful economic life which is determined to be 20 years

Tangible assets and depreciation

Tangible assets are recorded at cost and, other than land, are depreciated on a straight line basis to their residual value over their estimated useful lives

Yacht and dinghy fleet	2-15 years
Motor Vehicles	4 years
Club Leasehold improvements	Over period of lease
Office furniture and equipment	4 to 10 years

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement

1. Accounting policies (continued)

Investments

Investments are stated at cost less provision for impairment. Impairment reviews are carried out if there is an indication of a reduction in value.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Operating leases

All other leases are regarded as operating leases. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term or on another systematic basis, if this is more representative of the time pattern of the benefit from the use of the leased asset.

Stocks

Stocks are stated at the lower of cost and net realisable value and consist of finished goods purchased for resale. Net realisable value is based on estimated selling price less estimated selling expenses. Where necessary, provision is made for obsolete, slow moving and defective goods.

Foreign currency translation and financial instruments

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contractual rate if applicable and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates.

Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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 which are different from their inclusion in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (and substantively enacted on 20 July 2010). On 23 March 2011, the UK Government announced an additional 1% reduction in the main UK corporation tax rate to 26% taking effect from 1 April 2011. A further three reductions of 1% will follow annually, reducing the corporation tax rate to 23% from 1 April 2014.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 30 September 2011, deferred tax assets and liabilities have been calculated based on a rate of 25% (which was substantively enacted on 5 July 2011), where the temporary difference is expected to reverse after 1 April 2012.

No account will be taken of the further 2% reduction in main UK corporation tax rate, but it is estimated that this will not have a material effect on the Company.

1. Accounting policies (continued)**Pensions**

The Company participates in the Group Defined Contribution Pension Scheme. Pension liabilities are charged to the profit and loss account as they fall due. Further details of the Group Defined Contribution Pension Scheme can be found in the financial statements of TUI Travel PLC.

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)	Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
Depreciation – owned assets	403	225
Intangible amortisation	10	10
(Profit)/Loss on disposal of fixed assets	(8)	3
Operating lease rentals for land and buildings	706	1,220
Operating lease rentals for other	23	33
Restructuring costs / (credit)	-	(2,882)
Intercompany write offs	(3,333)	-
Management charge	13	62

The exceptional restructuring provision which was mostly used in 2009/10 and although an element was retained for further costs expected, the Directors felt confident that £3,121,477 of the original provision could be released back to exceptional costs.

During the year the Company wrote off intercompany balances as part of a balance sheet review resulting in a credit of £3,333,000 to the profit and loss account.

In 2010 and 2011 auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

3. Employees' and Directors' remuneration

(1) (i) The average monthly number of employees (including Directors) during the year was as follows

	Year ended 30 September 2011 Number	Year ended 30 September 2010 Number
Administration	37	30
Operations	89	95
	<u>126</u>	<u>125</u>

(ii) Staff costs for the above persons

	Year ended 30 September 2011 £000	Restated Year ended 30 September 2010 £000
Wages and salaries	1,520	2,103
Social security costs	496	448
Other pension costs	8	18
	<u>2,024</u>	<u>2,569</u>

The prior year numbers have been restated to correct an error as the original note only included staff costs relating to the clubs business.

3. Employees' and Directors' remuneration (continued)

The remuneration of the Company's Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company. The Directors are also Directors of a number of companies within the Group. It is therefore not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies where they are directors.

4. Interest receivable and similar income

	Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
Receivable from Group companies	5,373	5,641
Exchange gain	1,687	-
	<u>7,060</u>	<u>5,641</u>

5. Interest payable and similar charges

	Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
On bank loans and overdrafts	258	30
Payable to Group companies	2,236	557
Exchange loss	-	(10)
	<u>2,494</u>	<u>577</u>

6. Taxation**i) Analysis of tax charge in year**

	Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
Current tax		
Amounts payable to fellow subsidiaries for group relief	918	1,664
Overseas tax paid / payable	24	9
Adjustment in respect of previous periods	6,662	-
Total current tax	<u>7,604</u>	<u>1,673</u>
Deferred tax		
Origination and reversal of timing differences		
- current year	494	519
- effect of reduction in UK corporation tax rate	542	51
- adjustment in respect of previous periods	(6,426)	-
Total deferred tax	<u>(5,390)</u>	<u>570</u>
Tax charge on profit on ordinary activities	<u>2,214</u>	<u>2,243</u>

6. Taxation (continued)**(ii) Factors affecting the current tax charge for the year**

The current tax charge for the year (2010 charge) is lower (2010 lower) than the standard rate of corporation tax in the UK of 27% (2010 28%). The differences are explained below

	Year ended 30 September 2011 £000	Year ended 30 September 2010 £000
Profit on ordinary activities before tax	9,524	7,788
Profit on ordinary activities at the standard rate of UK corporation tax of 27% (2010 28%)	2,572	2,181
Effects of		
- Expenses not deductible for tax purposes	270	2
- Income not taxable	(1,430)	-
- Depreciation for year in excess of capital allowances	40	62
- Foreign tax suffered	24	9
- Utilisation of losses	(769)	-
- Movement in short term timing differences	235	(581)
- Adjustment in respect of previous periods	6,662	-
Current tax charge for year	7,604	1,673

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods after taking into account expenditure not deductible for taxation and any non-taxable income. The statutory rate of UK corporation tax is reduced to 24% with effect from 1 April 2012.

7. Intangible fixed assets

	Goodwill £000
Cost	
As at 1 October 2010 and 30 September 2011	30
Accumulated amortisation:	
1 October 2010	20
Charge for the year	10
30 September 2011	30
Net book value .	
30 September 2011	-
30 September 2010	10

On 1 October 2008, the Company purchased the trade assets and liabilities of the Club Vass business from TUI UK Limited for the consideration of £30,000. The net book value of assets acquired was £nil, and hence goodwill of £30,000 arose. The goodwill is being amortised over a three year period to match the term of the club lease.

8. Tangible fixed assets

	Yacht and dinghy fleet £000	Motor Vehicles £000	Club leasehold improvements £000	Office furniture and equipment £000	Total £000
Cost					
1 October 2010	852	95	980	562	2,489
Additions	124	-	25	51	200
Disposals	(210)	-	(12)	(8)	(230)
30 September 2011	766	95	993	605	2,459
Depreciation					
1 October 2010	307	95	676	548	1,626
Charge for the year	248	-	145	10	403
Disposals	(127)	-	(12)	(4)	(143)
30 September 2011	428	95	809	554	1,886
Net book value					
30 September 2011	338	-	184	51	573
30 September 2010	545	-	304	14	863

9. Investment in principal subsidiary undertakings

The Company's two subsidiary undertakings are dormant and non-trading and therefore have not been listed. The net book value of the investments is £nil (2010: £nil).

10. Stocks

	30 September 2011 £000	30 September 2010 £000
Raw materials and consumables	271	490

11. Debtors

	30 September 2011 £000	30 September 2010 £000
Trade debtors	104	-
Amounts owed by Group undertakings	72,573	94,203
Amounts owed by fellow subsidiaries	160	330
Group relief receivable	2,955	10,535
Deferred tax asset (Note 14)	6,776	1,386
Other debtors	98	4
Prepayments and accrued income	1,327	1,558
	83,993	108,016

Amounts owed by Group undertakings bear interest, are unsecured and have no fixed date of repayment.

12. Creditors amounts falling due within one year

	30 September 2011 £000	Restated 30 September 2010 £000
Trade creditors	278	235
Amounts due to Group undertakings	14,648	46,829
Amounts owed to fellow subsidiaries	93,133	71,601
Foreign tax payable	-	9
Taxation and social security	169	102
Client monies received in advance	2,202	2,000
Other creditors	1,710	23,190
	<u>112,140</u>	<u>143,966</u>

The 2010 numbers have been restated to reflect a classification error between creditors and provisions

Amounts owed to Group undertakings bear interest, are unsecured and have no fixed date of repayment

13. Creditors amounts falling due after more than one year

	30 September 2011 £000	30 September 2010 £000
Amounts owed to fellow subsidiaries	<u>2,371</u>	<u>2,371</u>

Amounts owed to fellow subsidiaries bear interest, are unsecured and have no fixed date of repayment

14. Deferred taxation

	£000
1 October 2010	1,386
Credited to the profit and loss account in the year (Note 6)	<u>5,390</u>
30 September 2011	<u>6,776</u>

The elements of deferred taxation are as follows

	30 September 2011 £000	30 September 2010 £000
Accelerated capital allowances	1,309	1,374
Other short term timing differences	229	12
Losses	<u>5,238</u>	<u>-</u>
Net deferred tax asset	<u>6,776</u>	<u>1,386</u>

There are no other unprovided deferred tax liabilities or unrecognised deferred taxation assets at either 30 September 2011 or 30 September 2010

15. Provisions for liabilities and charges

	Restated Restructuring £000
1 October 2010	(548)
Transferred in	(1,200)
Increase in provision	(1,255)
Released during the year	1,019
Utilised during the year	897
30 September 2011	<u>(1,087)</u>

The opening balance has been restated to reflect a classification error between creditors and provisions in the prior year

Provisions at 30 September 2011 relate to employee, property and other costs associated with the closure of the hotel club operations during the previous years

16. Operating lease commitments

At 30 September 2011, the Company had future annual commitments under non-cancellable operating leases which expire as follows

	30 September 2011 £000	30 September 2010 £000
Land and buildings	422	723
Payable within one year	-	490
Payable within two to five years	<u>422</u>	<u>1,213</u>

17. Share capital

	30 September 2011 £000	30 September 2010 £000
Issued and fully paid		
1,327,956 ordinary shares of £0.05 each	<u>66</u>	<u>66</u>

18. Profit and loss account

	£000
At 1 October 2010	(23,621)
Profit for the financial year	7,310
At 30 September 2011	<u>(16,311)</u>

19. Equity shareholders' deficit

	30 September 2011 £000	30 September 2010 £000
Opening shareholders' deficit	(23,555)	(29,100)
Profit for the financial year	7,310	5,545
Closing shareholders' deficit	<u>(16,245)</u>	<u>(23,555)</u>

20 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.

21. Contingent liabilities

The Company has given guarantees in respect of certain leasing obligations due by other Group companies. No provision has been recorded at 30 September 2011 (2010: £nil).

22. 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 and controlling party. The intermediate holding company is TUI Travel PLC. The immediate holding company is First Choice Marine 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 the Company Secretary TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website www.tuitravelpkc.com. 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.