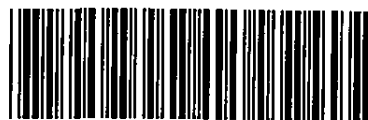


**Sunsail Limited**  
**Directors' report and financial statements**  
**for the year ended 30 September 2012**  
**Company number 1239190**

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COMPANIES HOUSE



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COMPANIES HOUSE

The Directors present their report and the audited financial statements of Sunsail Limited ("the Company") for the year ended 30 September 2012

#### Principal activity

The Company's principal activity during the year is that of the promotion and provision of sailing and sailing club holidays

#### Results and dividends

The Company's loss on ordinary activities before taxation for the year ended 30 September 2012 was £8,000,000 (2011 £9,524,000 profit). No dividends were paid during the year (2011 £nil) and the Directors do not recommend the payment of a final dividend.

#### Business review and future developments

The Company's sailing club in Greece continued to operate and the majority of restructuring that was started in prior years is now complete. Following the initial outcome of a legal case related to a former sailing club run in Greece, the Directors, after review, have established a legal provision of £9,497,000 pending a final appeal judgement.

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.

#### Principal risks and uncertainties

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 greenhouse gas emissions from all divisions within 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.

**Principal risks and uncertainties (continued)**

- **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.
- **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.

**Key performance indicators**

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 at the date of this report are

R B Bailekoski	(appointed 17 October 2012)
P V Y Cochran	
C F Powell	
M R Prior	(appointed 14 December 2012)
J Walter	(appointed 14 December 2012)

Other Directors who served during the year were

R C Bainbridge	(appointed 7 March 2012 and resigned 31 March 2013)
J J G Grisdale	(resigned 4 January 2013)
D Mee	(resigned 18 October 2012)
J Wimbleton	(resigned 10 July 2012)

**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.

**Independent auditors**

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' & 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 and were in place during the year and at the date of approval of the financial statements

**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**

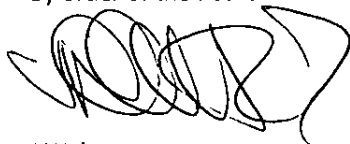
The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 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



J Walter  
Director

Company Number 1239190

Dated 30 May 2013

We have audited the financial statements of Sunsail Limited for the year ended 30 September 2012 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 statement of Directors' responsibilities set out in the Directors' report, 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 2012 and of its loss 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 Grimbly (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
Dated 31 May 2013

**Sunsail Limited**  
**Profit and loss account for the year ended 30 September 2012**

		<b>Year ended 30 September 2012 £000</b>	<b>Year ended 30 September 2011 £000</b>
	<b>Note</b>		
<b>Turnover</b>		<b>20,130</b>	<b>19,416</b>
<b>Cost of sales</b>		<b>(16,785)</b>	<b>(16,531)</b>
<b>Gross profit</b>		<b>3,345</b>	<b>2,885</b>
Distribution costs		(775)	(565)
Administrative expenses – non exceptional items		41	2,638
Administrative expenses – exceptional items	2	(7,065)	-
Administrative expenses - total		(7,024)	2,638
<b>Operating (loss) / profit</b>		<b>(4,454)</b>	<b>4,958</b>
Interest receivable and similar income	4	3,605	7,060
Interest payable and similar charges	5	(7,151)	(2,494)
<b>(Loss) / profit on ordinary activities before taxation</b>	2	<b>(8,000)</b>	<b>9,524</b>
Tax on (loss) / profit on ordinary activities	6	1,388	(2,214)
<b>(Loss) / profit for the financial year</b>	18	<b>(6,612)</b>	<b>7,310</b>

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

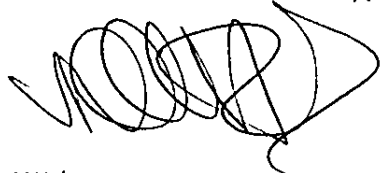
The Company has no recognised gains or losses other than those included in the profit and loss account Accordingly, no statement of total recognised gains and losses is presented

**Sunsail Limited**  
**Balance Sheet as at 30 September 2012**

		<b>30 September 2012 £000</b>	<b>30 September 2011 £000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Intangible fixed assets	7	-	-
Tangible fixed assets	8	<b>474</b>	<b>573</b>
Investments	9	-	-
		<b>474</b>	<b>573</b>
<b>Current assets</b>			
Stocks	10	<b>104</b>	<b>271</b>
Debtors	11	<b>89,018</b>	<b>83,993</b>
Cash at bank and in hand		<b>1,155</b>	<b>14,516</b>
		<b>90,277</b>	<b>98,780</b>
<b>Creditors amounts falling due within one year</b>	12	<b>(103,829)</b>	<b>(112,140)</b>
<b>Net current liabilities</b>		<b>(13,552)</b>	<b>(13,360)</b>
<b>Total assets less current liabilities</b>		<b>(13,078)</b>	<b>(12,787)</b>
<b>Creditors amounts falling due after more than one year</b>	13	-	<b>(2,371)</b>
<b>Provisions for liabilities</b>	15	<b>(9,779)</b>	<b>(1,087)</b>
<b>Net liabilities</b>		<b>(22,857)</b>	<b>(16,245)</b>
<b>Capital and reserves</b>			
Called up share capital	17	<b>66</b>	<b>66</b>
Profit and loss account	18	<b>(22,923)</b>	<b>(16,311)</b>
<b>Total shareholders' deficit</b>	19	<b>(22,857)</b>	<b>(16,245)</b>

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

The financial statements were approved by the Board on 30 May 2013 and signed on their behalf by



**J Walter**  
**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 on the going concern basis in accordance with the Companies Act 2006, 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 2012, 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 the contract term applicable.

### Tangible assets and depreciation

Tangible assets are recorded at cost and are depreciated on a straight-line basis to their residual value over their estimated useful lives as follows:

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

Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use.

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

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 raw materials and consumables 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.

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.

### 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. (Loss) / profit on ordinary activities before taxation**

(Loss) / profit on ordinary activities before taxation is stated after charging / (crediting)	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Depreciation – owned assets	244	403
Intangible amortisation	-	10
Loss / (profit) on disposal of fixed assets	21	(8)
Operating lease rentals for land and buildings	367	706
Operating lease rentals for other	9	23
Net exceptional and one off costs (note 15)	7,065	-
Intercompany write offs	-	(3,333)
Management charge	-	13

The exceptional and one-off costs predominately relate to the establishment of a legal provision related to a claim in Greece pertaining to a former sailing club. Whilst the claim is still in progress and subject to final appeal, the Directors have taken the decision to provide for the full cost of settling the claim.

During the prior 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 2011 and 2012 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**

(i) The average number of employees (including Directors) during the year, analysed by activity, was as follows

	Year ended 30 September 2012 Number	Year ended 30 September 2011 Number
Administration	29	37
Operations	64	89
	<u>93</u>	<u>126</u>

(ii) Employee costs for the above persons

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Wages and salaries	1,309	1,520
Social security costs	410	496
Other pension costs	6	8
	<u>1,725</u>	<u>2,024</u>

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 to this Company (2011: £nil). The Directors are also Directors of a number of Group companies. It is therefore not possible to make an accurate apportionment of their remuneration in respect of the Company and each of the fellow Group companies of which they are also a Director.

4. Interest receivable and similar income	Year ended	Year ended
	30 September	30 September
	2012	2011
	£000	£000
Interest receivable from Group undertakings	3,605	5,373
Exchange gain	-	1,687
	<u>3,605</u>	<u>7,060</u>
5. Interest payable and similar charges	Year ended	Year ended
	30 September	30 September
	2012	2011
	£000	£000
Interest payable on bank loans and overdrafts	-	258
Interest payable to Group undertakings	7,046	2,236
Exchange loss	105	-
	<u>7,151</u>	<u>2,494</u>
6. Taxation		
i) Analysis of tax (credit) / charge in year		
	Year ended	Year ended
	30 September	30 September
	2012	2011
	£000	£000
Current tax		
Amounts (receivable from) / payable to fellow subsidiaries for group relief	(2,085)	918
Overseas tax paid / payable	-	24
Adjustment in respect of previous periods	6	6,662
<b>Total current tax</b>	<u>(2,079)</u>	<u>7,604</u>
Deferred tax		
Origination and reversal of timing differences		
- current year	96	494
- effect of reduction in UK corporation tax rate	529	542
- adjustment in respect of previous periods	66	(6,426)
<b>Total deferred tax</b>	<u>691</u>	<u>(5,390)</u>
<b>Tax (credit) / charge on (loss) / profit on ordinary activities</b>	<u>(1,388)</u>	<u>2,214</u>

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

The current tax credit for the year (2011 charge) is higher (2011 higher) than the standard rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
(Loss) / profit on ordinary activities before tax	<u>(8,000)</u>	<u>9,524</u>
(Loss) / profit on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	<u>(2,000)</u>	<u>2,572</u>
Effects of		
- Expenses not deductible for tax purposes	12	270
- Income not taxable	-	(1,430)
- Depreciation for year in excess of capital allowances	45	40
- Foreign tax suffered	-	24
- Utilisation of losses	-	(769)
- Movement in short term timing differences	(142)	235
- Adjustment in respect of previous periods	6	6,662
<b>Current tax (credit) / charge for year</b>	<u><b>(2,079)</b></u>	<u><b>7,604</b></u>

**(iii) Factors affecting the future tax charge**

On 22 June 2010, 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 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012.

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013. Therefore, at 30 September 2012, deferred tax assets and liabilities have been calculated based on a rate of 23% where the temporary difference is expected to reverse after 1 April 2013.

Further proposals to reduce the main UK corporation tax rate to 21% on 1 April 2014 and 20% on 1 April 2015 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

These reductions may reduce the Company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities/assets accordingly, it is estimated that this will not have a material effect on the Company.

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. The statutory rate of UK corporation tax will reduce to 23% with effect from 1 April 2013.

**7. Intangible assets**

	<b>Goodwill £000</b>
<b>Cost:</b>	
As at 1 October 2011 and 30 September 2012	<u>30</u>
<b>Accumulated amortisation.</b>	
As at 1 October 2011 and 30 September 2012	<u>(30)</u>
<b>Net book value:</b>	
As at 30 September 2011 and 30 September 2012	<u>-</u>

On 1 October 2008, the Company purchased the trade assets and liabilities of the Club Vass business from TUI UK Limited for consideration of £30,000. The net book value of assets acquired was £nil, and hence goodwill of £30,000 arose.

During the year the Company exited the agreement with Club Vass at the end of the contract term. As goodwill had been fully amortised there was no profit or loss impact to the Company.

**8. Tangible assets**

	<b>Yacht and dinghy fleet £000</b>	<b>Motor vehicles £000</b>	<b>Club leasehold improvements £000</b>	<b>Office furniture and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
1 October 2011	766	95	993	605	2,459
Additions	82	-	64	-	146
Disposals	-	-	(5)	-	(5)
<b>30 September 2012</b>	<u>848</u>	<u>95</u>	<u>1,052</u>	<u>605</u>	<u>2,600</u>
<b>Accumulated depreciation</b>					
1 October 2011	428	95	809	554	1,886
Charge for the year	61	-	169	14	244
Disposals	-	-	(4)	-	(4)
<b>30 September 2012</b>	<u>489</u>	<u>95</u>	<u>974</u>	<u>568</u>	<u>2,126</u>
<b>Net book value</b>					
<b>30 September 2012</b>	<u>359</u>	<u>-</u>	<u>78</u>	<u>37</u>	<u>474</u>
30 September 2011	<u>338</u>	<u>-</u>	<u>184</u>	<u>51</u>	<u>573</u>

**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 (2011: £nil).

10. Stocks	30 September 2012 £000	30 September 2011 £000
Raw materials and consumables	<u>104</u>	<u>271</u>

11. Debtors	30 September 2012 £000	30 September 2011 £000
Trade debtors	-	104
Amounts owed by Group undertakings	77,132	72,573
Amounts owed by fellow subsidiaries	-	160
Group relief receivable	5,034	2,955
Deferred tax asset (note 14)	6,085	6,776
Other debtors	57	98
Taxation and social security	-	-
Prepayments and accrued income	710	1,327
	<u>89,018</u>	<u>83,993</u>

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

12. Creditors' amounts falling due within one year	30 September 2012 £000	30 September 2011 £000
Trade creditors	207	278
Amounts due to Group undertakings	11,026	14,648
Amounts owed to fellow subsidiaries	89,574	93,133
Taxation and social security	-	169
Client monies received in advance	2,427	2,202
Other creditors	595	1,710
	<u>103,829</u>	<u>112,140</u>

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

13. Creditors' amounts falling due after more than one year	30 September 2012 £000	30 September 2011 £000
Amounts owed to fellow subsidiaries	<u>-</u>	<u>2,371</u>

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

<b>14. Deferred taxation</b>	<b>£000</b>
1 October 2011	6,776
Charged to the profit and loss account in the year (note 6)	<u>(691)</u>
<b>30 September 2012</b>	<b><u>6,085</u></b>

The elements of deferred taxation are as follows

	<b>30 September 2012 £000</b>	<b>30 September 2011 £000</b>
Accelerated capital allowances	1,246	1,309
Other short term timing differences	80	229
Losses	4,759	5,238
Net deferred tax asset	<u>6,085</u>	<u>6,776</u>

There are no other unprovided deferred tax liabilities or unrecognised deferred taxation assets at either 30 September 2012 or 30 September 2011

#### 15 Provisions for liabilities

Provisions for liabilities are as follows

	<b>Legal £000</b>	<b>Restructuring £000</b>	<b>Total £000</b>
At 1 October 2011	-	(1,087)	(1,087)
Transferred in	-	(263)	(263)
Charged to profit and loss account	(9,497)	-	(9,497)
Released during the year	-	412	412
Utilised during the year	-	656	656
<b>30 September 2012</b>	<b><u>(9,497)</u></b>	<b><u>(282)</u></b>	<b><u>(9,779)</u></b>

Provisions relate to a legal claim, employee, property and other costs associated with the closure of the hotel club operations during previous years. Within the legal provision is £2,432,000 which is included within interest payable and similar charges in the profit and loss account. The provisions are expected to be fully utilised by 30 September 2015.

#### 16. Operating lease commitments

At 30 September 2012, the Company had future annual commitments under non-cancellable operating leases which expire as follows

	<b>30 September 2012 £000</b>	<b>30 September 2011 £000</b>
<b>Land and buildings</b>		
Payable within one year	-	422
Payable within two to five years	<u>550</u>	<u>-</u>
	<b><u>550</u></b>	<b><u>422</u></b>

Included within the above lease commitments are £nil (2011 £8,000) which relate to operating leases other than land and buildings

17. Share capital	30 September	30 September
	2012	2011
	£000	£000
Issued and fully paid		
1,327,956 (2011 1,327,956) ordinary shares of £0.05 each	<u>66</u>	<u>66</u>
<b>18. Profit and loss account</b>		<b>£000</b>
At 1 October 2011		(16,311)
Loss for the financial year		<u>(6,612)</u>
<b>At 30 September 2012</b>		<b><u>(22,923)</u></b>
<b>19. Reconciliation of movements in shareholders' deficit</b>	<b>30 September</b>	<b>30 September</b>
	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening shareholders' deficit	(16,245)	(23,555)
(Loss) / profit for the financial year	<u>(6,612)</u>	<u>7,310</u>
<b>Closing shareholders' deficit</b>	<b><u>(22,857)</u></b>	<b><u>(16,245)</u></b>

**20. Related party transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosures" 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. The Directors confirm that there are no other related party transactions which require disclosure.

**21. 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](http://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 the website [www.tui-group.com](http://www.tui-group.com).