

**FIRST CHOICE TOUR OPERATIONS LIMITED**  
Directors' Report and Financial Statements

**for the year ended 30 September 2009**

**Company number 1961830**

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## **First Choice Tour Operations Limited**

### **Directors' report for the year ended 30 September 2009**

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The Directors present their report and the audited financial statements of First Choice Tour Operations Limited ("the Company") for the year ended 30 September 2009

#### **Principal activity**

The Company's principal activity was to act as an intermediate holding company

#### **Results and dividends**

The loss on ordinary activities before tax for the year ended 30 September 2009 was £227,253,000 (2008 £nil). There were no dividends paid during the year (2008 £nil) and the Directors do not recommend the payment of a final dividend

#### **Business review**

The Directors manage risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the TUI Travel PLC group of companies ("the Group"). The Directors review the Company's risks and uncertainties in the context of the Group

As an intermediary holding company, the results of the Company are principally influenced by the performance of its investments. The Company's investments are listed in Note 4

During the year, the trading businesses of a number of the Company's investments have been reorganised within the Group. Further details are set out in Note 4

#### **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

First Choice Holidays & Flights Limited

A L John

J Walter

#### **Policy and practice on the payment of suppliers**

The Company did not trade with external suppliers in the current or prior year and therefore no trade creditors existed at any time during either years

#### **Directors' insurance**

The intermediate parent company, TUI Travel PLC, maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company

#### **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**

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

  
**J Walter**

Director

Dated 29 June 2009

Company number 1961830

## **First Choice Tour Operations Limited**

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

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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.

## **Report of the independent auditors' to the members of First Choice Tour Operations Limited**

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We have audited the financial statements of First Choice Tour Operations Limited for the year ended 30 September 2009 set out on pages 4 to 8. 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 2, 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](http://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 loss 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.

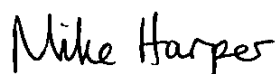
### **Matters on which we are required to report by exception**

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.

### *Emphasis of matter – comparative financial information*

In forming our opinion, which is not qualified, we note that the prior year financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditors to state that the corresponding figures contained within these financial statements are unaudited.



Mike Harper

(Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

30 June 2010

**First Choice Tour Operations Limited**

**Profit and loss account for the year ended 30 September 2009**

	<b>Note</b>	<b>Year ended 30 September 2009 £'000</b>	<b>Year ended 30 September 2008 £'000 (Unaudited)</b>
Impairment of investments	4	(450)	-
Loss on disposal of investments	4	(227,253)	-
<b>Loss on ordinary activities before taxation</b>		<b>(227,703)</b>	-
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>	<b>8</b>	<b>(227,703)</b>	-

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

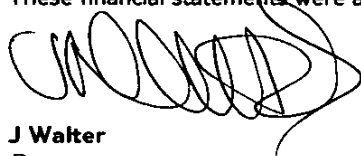
The results stated above are all derived from continuing operations

There are no recognised gains and losses other than those included in the profit and loss account.

**First Choice Tour Operations Limited****Balance sheet at 30 September 2009**

	Note	30 September 2009 £'000	30 September 2008 £'000 (Unaudited)
<b>Fixed assets</b>			
Investments	4	-	227,703
<b>Current assets</b>			
Debtors	5	6,434	6,434
<b>Creditors:</b> amounts falling due within one year	6	(246,604)	(246,604)
<b>Net current liabilities</b>		(240,170)	(240,170)
<b>Net liabilities</b>		(240,170)	(12,467)
<b>Capital and reserves</b>			
Called up share capital	7	250	250
Profit and loss account	8	(240,420)	(12,717)
<b>Equity shareholders' deficit</b>		(240,170)	(12,467)

These financial statements were approved by the Board of Directors on 29 June 2010 and were signed by:



**J Walter**  
Director

## First Choice Tour Operations 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 accounting standards and under the historical cost convention

#### Going concern

At 30 September 2009 the Company had net liabilities. The Directors of the intermediate parent company, TUI Travel PLC, have confirmed their intention to make continued financial support available to enable the Company to meet its liabilities as they fall due. As a result the financial statements have been prepared on the going concern basis.

#### Group financial statements

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

#### Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of TUI Travel PLC and its cash flows are included within the consolidated cash flow statement of the group.

#### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

#### 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.

#### Investments

Investments are stated at cost, less provision for permanent diminution in value. Dividends are credited to the profit and loss account when receivable.

#### Taxation

UK Corporation tax is provided on amounts expected to be paid (or reversed) 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 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.

#### 2 Profit on ordinary activities before taxation

In the year ended 30 September 2009 the auditors' remuneration was borne by another group company. The audit fee relating to the Company was as follows:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Fees for the audit of the company	5	-

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for the 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 financial statements of the Company's intermediate parent company TUI Travel PLC.

There were no persons employed by the Company in either year.

No Directors' remuneration was paid during the current and prior year.

# First Choice Tour Operations Limited

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

### 3 Taxation

There is no tax charge or credit in the current or prior year

This differs from the standard rate of corporation tax in the UK of 28% (2008 29%) The differences are explained

	Year ended 30 September 2009 £	Year ended 30 September 2008 £'000
Loss on ordinary activities before tax	(227,703)	-
Loss on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	(63,757)	-
Effects of		
- Amounts not chargeable for tax purposes	63,757	-
Current tax for the year	-	-

The rate of taxation is expected to follow the standard rate of UK corporation tax of in future periods  
There are no recognised deferred tax assets or no unprovided deferred tax liabilities at either 30 September 2009 or 30 September 2008

### 4 Investments

	Investment in subsidiaries £'000
Cost	
As at 1 October 2008	233,695
Disposal	(227,253)
<b>As at 30 September 2009</b>	<b>6,442</b>
Provision	
As at 1 October 2008	(5,992)
Provided in the year	(450)
<b>30 September 2009</b>	<b>(6,442)</b>
Net book value	
<b>As at 30 September 2009</b>	<b>-</b>
As at 30 September 2008	227,703

On 1 October 2008, the Group undertook a reorganisation of some of its UK businesses as part of the integration of the businesses, following the merger of First Choice Holidays PLC (now Limited) and the Tourism Division of TUI AG on 3 September 2007. As part of this reorganisation, the Company sold the entire issued share capital of First Choice Holidays & Flights Limited to TUI UK Limited for £1

The remaining investment in the entire shareholding of Redwing Holdings Limited, a Company incorporated in England and Wales, was written down to zero being the recoverable amount.



**First Choice Tour Operations Limited**

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

**5 Debtors**

	<b>30 September 2009 £'000</b>	<b>30 September 2008 £'000</b>
Amounts owed by fellow subsidiary undertakings	<u>6,434</u>	<u>6,434</u>

**6 Creditors: amounts falling due within one year**

	<b>30 September 2009 £'000</b>	<b>30 September 2008 £'000</b>
Amounts owed to parent and fellow subsidiary undertakings	<u>246,604</u>	<u>246,604</u>

**7 Share capital**

	<b>30 September 2009 £'000</b>	<b>30 September 2008 £'000</b>
<b>Authorised, issued and fully paid</b> 250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>

**8 Equity shareholders' funds**

	<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>2009 Total £'000</b>	<b>2008 Total £'000</b>
At beginning of the year	250	(12,717)	(12,467)	(12,467)
Loss for the year	-	(227,703)	(227,703)	-
At the end of the year	<u>250</u>	<u>(240,420)</u>	<u>(240,170)</u>	<u>(12,467)</u>

**9 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 Sovereign Tour Operations 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 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](http://www.tui-group.com).