Specialist Holidays Limited

Directors' report and financial statements

for the year ended 30 September 2012

Company number 1976915

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

Principal activity
The Company charges TUI UK Limited, a fellow subsidiary undertaking in the TUI Travel PLC group of companies ("the Group"), for the use of its freehold property, located in France TUI UK Limited is responsible for other related upkeep costs

Results and dividends
The Company's profit on ordinary activities before taxation for the year ended 30 September 2012 was £49,000 (2011 £721,000) No dividends were paid during the year (2011 £nil) and the Directors do not recommend the payment of a final dividend

Business review
The Company is exempt by virtue of its size from the requirement to include an enhanced business review

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

M R Prior	(appointed 5 March 2013)
J Walter	

Other Directors who served during the year were

R C Bainbridge	(appointed 7 March 2012 and resigned 31 March 2013)
M Haddon	(appointed 27 March 2012 and resigned 14 August 2012)
P R Tymms	(resigned 30 March 2012)

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 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

By order of the Board

J Walter
Director

Company Number 1976915 Dated 27 June 2013

Independent auditors' report to the members of Specialist Holidays Limited

We have audited the financial statements of Specialist Holidays 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 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 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 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 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report

Rosemary Shapland

Rosemary Shapland (Senior Statutory Auditor) Dated 27 June 2013
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Specialist Holidays Limited
Profit and loss account for the year ended 30 September 2012

	Note	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Turnover		88	119
Gross profit		88	119
Other operating expenses		(33)	602
Operating profit		55	721
Profit on ordinary activities before taxation	2	55	721
Tax on profit on ordinary activities	4	(23)	(164)
Profit for the financial year	10	32	557

The results stated above are all derived from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

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

Specialist Holidays Limited
Balance sheet as at 30 September 2012

	Note	30 September 2012	30 September 2011
		£000	£000
Fixed assets			
Tangible assets	5	1,181	1,214
Investments	6	1,561	1,561
		2,742	2,775
Current assets			
Debtors	7	1,985	1,872
		1,985	1,872
Creditors amounts falling due within one year	8	(564)	(516)
Net current assets		1,421	1,356
Total assets less current liabilities		4,163	4,131
Net assets		4,163	4,131
Capital and reserves			
Called up share capital	9	1,100	1,100
Profit and loss account	10	3,063	3,031
Total shareholders' funds	11	4,163	4,131

The notes on pages 6 to 11 form part of these financial statements

The financial statements were approved by the Board on 27 June 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

Basis of preparation
The financial statements have been prepared on the going concern basis in accordance with applicable United Kingdom accounting standards, the Companies Act 2006 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 financial statements 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) 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 recorded net current assets and net assets However, a significant amount of assets consist of amounts receivable from Group undertakings

The financial statements 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 a period of at least 12 months from the date of approval of these financial statements

Turnover
Turnover attributable to the principal activity of the Company, arises wholly in France where the property owned by the Company is located, and is stated net of value added tax and discounts

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

Freehold buildings	up to a maximum of 40 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

Investments
Fixed asset investments are stated at cost less provision for diminution in value Dividends from investments are recognised when received or receivable by the company

1 Accounting policies (continued)

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

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% from 1 April 2014 and 20% from 1 April 2015 have 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 charges accordingly It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions Although these should further reduce the Company's future current tax charges and reduce the Company's deferred tax liabilities / assets accordingly, it is estimated that any such reductions will not have a material effect on the Company

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting)	**Year ended 30 September 2012**	Year ended 30 September 2011
	£000	£000
Depreciation – owned tangible assets	**33**	(65)
Profit on disposal of tangible assets	**-**	(574)

During the year to 30 September 2011 it was discovered that land had been depreciated in error, a correction of £99,696 was made during the year

In both the current and prior year, the Company had no employees

2. Profit on ordinary activities before taxation (continued)

In 2012 and 2011, auditors' remuneration was borne by another Group company The audit fee relating to the Company was as follows

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Fees for the audit of the Company	1	5

3 Directors' remuneration

The remuneration of the Company's Directors was paid by another Group company, which makes no recharge to the Company (2011 £nil) The Directors are also Directors of a number of Group companies and 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. Tax on profit on ordinary activities

i) Analysis of tax charge in year

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Current tax		
Amounts payable to fellow subsidiaries for group relief	21	22
Overseas tax suffered	2	142
Total current tax	23	164

(ii) Factors affecting the current tax charge for the year

The current tax charge for the year is higher (2011 lower) 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
Profit on ordinary activities before tax	55	721
Profit on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	14	195
Effects of		
- Expenses not deductible for tax purposes	8	-
- Income not taxable for tax purposes	-	(173)
- Higher tax rate on overseas earnings	1	36
- Effect of chargeable gains	-	106
Current tax charge for year	23	164

(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 The statutory rate of UK corporation tax is reduced to 23% with effect from 1 April 2013

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

5 Tangible assets

	Freehold land and buildings £000
Cost	
At 1 October 2011 and 30 September 2012	**1,968**
Depreciation	
1 October 2011	754
Charge for the year	33
30 September 2012	**787**
Net book value	
30 September 2012	**1,181**
30 September 2011	1,214

Freehold land and buildings include land with a cost of £246,000 which is not depreciated

6. Investments

	Investments in subsidiary undertakings £000
Cost and net book value	
As at 1 October 2011 and 30 September 2012	**1,561**

Investment in principal subsidiary undertakings

The following companies are principal subsidiary undertakings of the Company and are involved in supporting the operations of the business

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Magic Connoisseurs Limited	100 %	Great Britain	Dormant
Specialist Holidays Contracting Limited	100 %	Great Britain	Hotel owner

In the opinion of the Directors, the carrying value of the investments in the above subsidiary undertakings is supported by the performance and/or assets of the subsidiary undertakings

7 Debtors

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Overseas tax receivable	**13**	-
Amounts owed by Group undertakings	**1,972**	1,753
Accrued income	**-**	119
	1,985	1,872

Amounts owed by Group undertakings bear no interest, are unsecured and are receivable on demand

8 Creditors amounts falling due within one year

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Amounts owed to Group undertaking	183	7
Accruals	-	7
Group relief payable	381	360
Overseas tax payable	-	142
	564	516

Amounts owed to Group undertakings bear no interest, are unsecured and are payable on demand

9 Share capital

	30 September 2012 £000	30 September 2011 £000
Issued and fully paid		
1,100,000 (2011 1,100,000) ordinary shares of £1 each	1,100	1,100

10. Profit and loss account

	£000
At 1 October 2011	3,031
Profit for the financial year	32
At 30 September 2012	3,063

11 Reconciliation of movements in shareholders' funds	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Opening shareholders' funds	4,131	3,574
Profit for the financial year	32	557
Closing shareholders' funds	4,163	4,131

12. 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

13 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 Crystal International Travel Group 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

13 Ultimate parent company (continued)

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 tuitravelplc 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 address www tui-group com