

SPECIALIST HOLIDAYS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**for the year ended
30 September 2009**

Company number 1976915

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SPECIALIST HOLIDAYS LIMITED

Report of the Directors for the year ended 30 September 2009

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

Principal activity

The Company charges TUI UK Limited for the use of its freehold property, located in France. TUI UK Limited is responsible for other related upkeep costs.

Results and dividends

The profit of the Company before taxation for the year ended 30 September 2009 was £119,000 (2008 profit £133,000)

No dividends were paid during the year (2008 £nil). The Directors do not recommend the payment of a final dividend (2008 £nil).

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 at the date of this report are

P Tymms
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

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

By order of the Board



J Walter
Director

Dated 31 August 2010

Company Number 1976915

SPECIALIST HOLIDAYS LIMITED

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SPECIALIST HOLIDAYS LIMITED

Report of the independent auditors to the members of Specialist Holidays Limited

We have audited the financial statements of Specialist Holidays Limited for the year ended 30 September 2009 set out on pages 4 to 10. 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

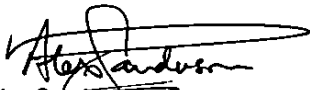
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



P Alex Sanderson
(Senior Statutory Auditor) for KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

31st August 2010

SPECIALIST HOLIDAYS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2009

	Note	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Turnover	2	170	169
Administrative expenses		(51)	(36)
Profit on ordinary activities before taxation	3	119	133
Tax on profit on ordinary activities	4	(71)	(39)
Profit for the financial year	11	48	94

All amounts relate to continuing operations

There were no recognised gains or losses other than those included in the profit and loss account and accordingly no separate statement of recognised gains and losses has been presented

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

SPECIALIST HOLIDAYS LIMITED

BALANCE SHEET

as at 30 September 2009

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed assets			
Tangible assets	5	1,245	1,281
Investments	6	1,561	1,561
		2,806	2,842
Current assets			
Debtors	7	981	826
Creditors amounts falling due within one year	8	(292)	(221)
Net current assets		689	605
Net assets		3,495	3,447
Capital and reserves			
Called up share capital	9	1,100	1,100
Profit and loss account	10	2,395	2,347
Equity shareholders' funds	11	3,495	3,447

The financial statements were approved by the Board of Directors on 31 August 2010 and signed on their behalf by


J Walter
Director

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

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. Turnover comprises an annual rental income from TUI UK Limited and is recognised on an accruals basis each year.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition, less accumulated depreciation and provision for impairment. Depreciation is charged on freehold properties over their estimated useful lives of 40 years.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are recorded at the average rate for the month in which they take place. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

2 Segmental reporting

The Company has one class of business, namely that of charging TUI UK Limited for the use of its freehold property. All turnover originates within France.

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company had no employees in either year

The Directors' received no remuneration from the Company in respect of their services in the year (2008 £nil)

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Depreciation of owned fixed assets	36	36

Auditors' remuneration is borne by another group company. The audit fee payable to KPMG Audit Plc relating to the Company was as follows:

	Year ended 30 September 2009 £'000
Fees for the audit of the Company	5

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the Company's intermediate parent, TUI Travel PLC.

4. Taxation

(i) Analysis of tax charge in year

Current tax:

Amount payable to fellow subsidiaries for group relief

Adjustments in respect of previous years

Total current tax charge on profit on ordinary activities

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Amount payable to fellow subsidiaries for group relief	43	39
Adjustments in respect of previous years	28	-
Total current tax charge on profit on ordinary activities	71	39

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Taxation (continued)

(i) Factors affecting the current tax charge for year

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

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Profit on ordinary activities before tax	119	133
Profit on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	33	39
Effect of:		
- Amounts not deductible for tax purposes	10	-
- Adjustment to tax charge in respect of previous years	28	-
Current tax charge for the year	71	39

The adjustment to the tax charge in respect of previous years principally relates to prior year depreciation which was not deductible for taxation in the submitted tax computations.

There were no material differences between accumulated depreciation and capital allowances and no other material timing differences in the current or prior years.

(ii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK Corporation tax in future years. There is no unprovided deferred taxation at either 30 September 2009 or 30 September 2008.

5 TANGIBLE FIXED ASSETS

	Freehold property £'000
Cost:	
At 1 October 2008	2,121
At 30 September 2009	2,121
Accumulated depreciation	
At 1 October 2008	(840)
Charge for the year	(36)
At 30 September 2009	(876)
Net book value:	
At 30 September 2009	1,245
At 1 October 2008	1,281

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 INVESTMENTS

	£'000
Subsidiary shareholdings at cost and net book value	
At 1 October 2008 and 30 September 2009	1,561

The Company holds ordinary shares in the following principal subsidiary undertakings

Name of company	Holding	Country of incorporation	% held	Nature of business
Specialist Holidays Contracting Limited	Ordinary shares	Great Britain	100	Hotel Management
TUI UK Italia SRL*	Ordinary shares	Italy	100	Hotel Management
Magic Connoisseurs Limited	Ordinary and Deferred shares	Great Britain	100	Dormant

*TUI UK Italia SRL is a 99% owned subsidiary of Specialist Holidays Contracting Limited

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 undertaking.

7. DEBTORS	30 September 2009 £'000	30 September 2008 £'000
Amount owed by group undertakings	981	826

Amounts owed by group undertakings are all repayable on demand, unsecured and interest free

8. CREDITORS, amounts falling due within one year	30 September 2009 £'000	30 September 2008 £'000
Taxation - group relief payable	292	221

9. SHARE CAPITAL	30 September 2009 £'000	30 September 2008 £'000
Authorised		
1,500,000 Ordinary shares of £1 each	1,500	1,500
Allotted, issued and fully-paid		
1,100,000 Ordinary shares of £1 each	1,100	1,100

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROFIT AND LOSS ACCOUNT RESERVE

	Profit & loss account £'000
At 1 October 2008	2,347
Profit for the financial year	48
At 30 September 2009	2,395

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Opening shareholders' funds	3,447	3,353
Profit for the year	48	94
Closing shareholders' funds	3,495	3,447

12 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.

13 ULTIMATE PARENT UNDERTAKING

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 undertaking 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.

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