thomascook.com Limited

Annual report and financial statements

for the year ended 30 September 2011

Registered number 2038874

thomascook.com Limited

Contents

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements This annual report covers the year ended 30 September 2011

Business review & activities

thomascook com Limited is a wholly owned subsidiary of Thomas Cook Group plc ("the Group") a company that is listed on the London Stock Exchange

The results for the Company show a pre tax loss of £9 0 million (2010 £3 4 million) for the year and sales of £56 0 million (2010 £46 9 million) The Company has net liabilities of £58 8 million (2010 £48 1 million) Net cash outflow from operating activities for 2011 was nil (2010 nil)

Thomas Cook Group plc operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail & online dynamic packaging / component travel businesses and scheduled tour operators

thomascook com Limited is an online travel agency business, managed internally as part of the Thomas Cook Group plc Online Travel Agency "OTA" structure Revenues are generated through commission earnings on sales of travel related products and services It is a significant distribution platform for Thomas Cook tour operating companies but also offers third party products and services

Business environment

There are two distinct segments in the UK leisure and travel market direct suppliers and travel intermediaries Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer Thomas Cook operates in the travel intermediary segment, made up of travel agents and tour operators

Growth in international tourism is closely correlated to economic growth and has enjoyed strong and sustained growth for most of the last three decades While the global economic crisis in 2008 and subsequent contraction in gross domestic product and employment, combined with fuel and currency volatility, have restrained growth in the recent years, the long term outlook for the industry remains attractive

Strategy and future outlook

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels The Group's own distribution channels comprise retail stores, online via various Group websites and call centres

In-house distribution gives the Group greater control over the volume and cost of distributing its products and, over the last three years, the Group has increased in-house distribution of package holidays from 51% to 53% of bookings

In most of the Group's operating segments, retail stores remain a significant distribution channel for mainstream package holidays However, over time, the Group's strategy is to increase the share of mainstream package holidays sold online

To expand online sales of both mainstream and independent products, during 2010 we brought our existing online activities in the UK, Germany, France, the Netherlands and Belgium together into a central organisation, the OTA, which is based in London With approximately 256 employees, the OTA brings together specialists from within the Group with new talent from across the online industry

Directors' report (continued)

Strategy and future outlook (continued)

Since its inception in 2010, the OTA has improved online sales and delivered a number of important developments

- online distribution of the Group's mainstream package holidays has increased from 22% of total bookings in 2009 to 25% in 2011,
- gross transaction value of OTA bookings has grown 35% from approximately £857m in 2009 to approximately £1,155m in 2011,
- a common technology platform which is being rolled out across the Group's key websites will consolidate the previous 17 platforms on to one to improve functionality, stability and efficiency, and
- significant improvements to the graphical user interface, including better search functionality and more comprehensive product and price information, will be deployed across all sites in the coming months to drive better customer experience and conversion rates

Principal risks and uncertainties

The UK group have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our products and services
- Fall in demand for traditional package tours and competition from internet distributors and low cost airlines
- Failure to implement the UK turnaround plan
- Any significant damage to the UK group's reputation or brands
- Environmental risks and regulations
- Major health and safety incident
- Loss of, or difficulty in replacing, senior talent
- Natural catastrophe including closure of airspace
- Disruption to information technology systems or infrastructure, premises or business processes
- Performance failure by outsourced partners and third party suppliers

For further information on the potential impact of these risks, and the procedures implemented by the Group to mitigate these risks, please refer to pages 28-30 of the Group's annual report

For details on financial risk management please refer to Note 10

Key performance indicators ("KPI's")

The directors of Thomas Cook Group plc manage the Group's operations on a segmental basis For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of thomascook com Limited The development, performance and position of the UK segment of the Group, which include the results of the Company, are discussed in the financial review on pages 16 to 17 of the Group's annual report which does not form part of this report

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2011 (2010 £nil)

Directors' report (continued)

Directors

The directors who served throughout the year, except as noted, were as follows

D M W Hallisey (resigned 13 June 2011)
S L Robinson (appointed 13 June 2011)
C J Gadsby (resigned 27 May 2011)
Thomas Cook Group Management Services Limited (appointed 25 February 2011)

Company secretary

S Bradley

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the period and remain in force at the date of this report

Supplier payment policy

The group's policy, which is also applied by the Company, is to agree terms of payment with suppliers when determining the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the Company at 30 September 2011 were equivalent to 14 (2010 24) days' purchases, based on the average daily amount invoiced by suppliers during the period

Equal opportunities

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff If members of staff become disabled, the Company continues employment wherever possible and arranges retraining

Employee involvement

The Company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests In the year the Company has held regular briefing meetings, supplemented by a range of staff magazines to encourage the involvement of employees Surveys are held regularly as a means of measuring the effectiveness of the ways in which staff are managed

Statement of directors' responsibilities

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

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Provision of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, the following applies

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) they has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company

The Directors' report has been approved and is signed on behalf of the board by

S Bradley

S Bradley, Company Secretary
28 March 2012

Registered office
The Thomas Cook Business Park
Coningsby Road
Peterborough
PE3 8SB

thomascook.com Limited

Registered number 2038874

Independent auditors' report to the members of thomascook.com Limited

We have audited the financial statements of thomascook com Limited for the year ended 30 September 2011 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Statement of director' responsibilities set out on pages 5 and 6, 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 annual 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 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2012

thomascook.com Limited
Registered number 2038874

Statement of comprehensive income
Year ended 30 September 2011

	Notes	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Revenue	3	56,018	46,922
Cost of sales		(41,211)	(33,028)
Gross profit		14,807	13,894
Operating expenses	4	(23,753)	(17,209)
Loss before tax	5	(8,946)	(3,315)
Tax	7	(1,782)	(63)
Total comprehensive loss for the year		(10,728)	(3,378)

All of the revenues and results arose from continuing operations

thomascook.com Limited

Registered number 2038874

Balance Sheet
As at 30 September 2011

	Note	30 September 2011 £'000	30 September 2010 £'000
Non-current assets			
Deferred tax asset	10	-	1,782
		-	1,782
Current assets			
Trade and other receivables	8	83,489	85,792
		83,489	85,792
Total assets		83,489	87,574
Current liabilities			
Trade and other payables	9	(142,281)	(135,638)
Net liabilities		(58,792)	(48,064)
Equity attributable to owners of the parent			
Share capital	11	-	-
Retained earnings		(58,792)	(48,064)
Total equity		(58,792)	(48,064)

The notes on pages 12 to 26 form part of the financial statements

The financial statements were approved by the board of directors and approved for issue on 28 March 2012

Signed on behalf of the board

S Bradley

S Bradley, on behalf of Thomas Cook Group Management Services Limited
Director

thomascook.com Limited
Registered number 2038874

Statement of changes in equity
Year ended 30 September 2011

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2009	-	(44,686)	(44,686)
Loss for the year and total comprehensive loss	-	(3,378)	(3,378)
Balance at 30 September 2010	-	(48,064)	(48,064)
Loss for the year and total comprehensive loss	-	(10,728)	(10,728)
Balance at 30 September 2011	-	(58,792)	(58,792)

thomascook.com Limited

Registered number 2038874

Cash flow statement

Year ended 30 September 2011

	Notes	Year ended 30 September 2011	Year ended 30 September 2010
Cash flows from operating activities			
Cash generated by operations	13	-	-
		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of the period		-	-

Notes to the financial statements
Year ended 30 September 2011

1 General information

thomascook com Limited is a company incorporated and domiciled in England and Wales under the Companies Act 2006 The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB The nature of the Company's operations and its principal activities are set out in the directors' report These financial statements are presented in pounds sterling, which is the Company's functional currency, because that is the currency of the primary economic environment in which the Company operates The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, (a company incorporated in England and Wales) which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies

In the current year, the following new or amended standards have been adopted Their adoption has not had a significant impact on the amounts reported or the disclosure and presentation in these financial statements, but may impact the accounting or the disclosure and presentation for future transactions and arrangements

IFRS2 Amendment "Share-based payments" is effective for annual reporting periods commencing on or after 1 January 2010 This amendment clarifies the scope and accounting for group cash-settled share-based payments

New or amended standards and interpretations in issue but not yet effective

The following new standards, amendments to standards and interpretations that are expected to impact the Group, which have not been applied in these financial statements, were in issue, but are not yet effective

IAS 24 Amendment "Related parties" is effective for annual reporting periods commencing on or after 1 January 2011 The amendment clarifies the definition of related parties

IFRIC 14 Amendment "Prepayments of a minimum funding requirement" is effective for annual reporting periods commencing on or after 1 January 2011 The amendment remedies one of the consequences of IFRIC 14, whereby an entity under certain circumstances is not allowed to recognise an asset for the prepayment of a minimum funding requirement

Management does not anticipate that the adoption of these new or amended standards and interpretations will have a material impact on the Group

New or amended standards and interpretations in issue but not yet effective and not EU endorsed

The following new standards, amendments to standards and interpretations that are expected to impact the Group, which have not been applied in these financial statements, were in issue, but are not yet effective and are not EU endorsed

IFRS 9 "Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2013 The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets

IFRS 10 "Consolidated financial statements" is effective for annual reporting periods beginning on or after 1 January 2013 This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within consolidated financial statements

IFRS 11 "Joint arrangements" is effective for annual periods beginning on or after 1 January 2013 This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

1 General information (continued)

IFRS 12 "Disclosure of interests in other entities" is effective for annual periods beginning on or after 1 January 2013 This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles

IAS 19 (revised 2011) "Employee benefits" is effective for annual periods beginning on or after 1 January 2013 This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits

IAS 27 (revised) "Separate financial statements" is effective for annual periods beginning on or after 1 January 2013 This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10

IAS 28 (revised) "Investments in associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013 This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11

Management is currently assessing the impact of adopting these new or amended standards and interpretations

2 Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IFRSs as adopted by the EU, IFRIC interpretations and the Companies Act 2006 as applicable to Companies reporting under IFRS

The accounting policies adopted are consistent with those of the previous financial year except for those which the Company has adopted in the year

The financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments The principal accounting policies adopted are set out below

The Company is reliant on the support of the fellow group undertakings, Thomas Cook Group UK Limited This support has been formally provided and accordingly the directors of thomascook com Limited have prepared these financial statements on a going concern basis

Revenue recognition and associated costs

The Company acts as an agent for Thomas Cook Group Companies and third parties, and receives commissions for sales via the websites of travel and travel-related products and services (package holidays, scheduled and charter air tickets, insurance, foreign exchange, car rentals) Revenue which consists of commissions receivable is recognised on holiday departure date for travel and insurance products Revenue comprises the fair value of the consideration received or receivable for the sale of services

Notes to the financial statements
Year ended 30 September 2011

2 Significant accounting policies (continued)

Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs' When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

Statement of comprehensive income presentation and exceptional items
Profit or loss from operations includes the results from operating activities of the Company It is stated before the results of investing activities such as the disposal of subsidiaries or joint ventures and the disposal of items of property, plant and equipment

Exceptional items are items that are unusual because of their size, nature or incidence and which the Company's management consider should be disclosed separately to enable a full understanding of the Company's results

Tax
Tax represents the sum of tax currently payable and deferred tax Tax is recognised in the Statement of comprehensive income unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable

Pension
The Principal Pension Plan for the Thomas Cook Group plc is a defined benefit scheme However, as explained in note 15 the contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, because, when compared to the contributions made by employees of other group companies, amounts charged to the profit and loss account and apportioned to the balance sheet are not deemed to be material as a proportion of the total scheme charge and valuation

The Company also operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund Pension costs charged against profits in respect of the Company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period

The Company provides no other contractual post retirement benefits to its employees

Notes to the financial statements
Year ended 30 September 2011

2 Significant accounting policies (continued)

Foreign currency
Transactions in currencies other than the functional currency the Company are translated at the exchange rate at the date of the transaction Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates The resulting exchange gain or loss is dealt with in the Statement of comprehensive income

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Share capital
Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds

Share based payments
The Company has applied the requirements of IFRS 2 Share-based payments In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 November 2004

The parent company issues share options to certain employees of the Company as part of their total remuneration The fair values of the share options are calculated at the date of grant, using the Black-Scholes option pricing model These fair values are charged to the Statement of comprehensive income on a straight-line basis over the expected vesting period of the options This amount has been charged to the Company by Thomas Cook Group plc and settled in cash

Critical judgments and key sources of estimation uncertainty
Given the simple nature of the Company's operations, the directors do not believe there are any critical judgments or key sources of estimation uncertainty in the preparation of these financial statements

3 Revenue

An analysis of the Company's revenue is as follows

	2011 £'000	2010 £'000
Commission income on sale of leisure travel services and related services	56,018	46,922

thomascook.com Limited
Registered number 2038874

Notes to the financial statements
Year ended 30 September 2011

4 Operating expenses

	2011 £'000	2010 £'000
Administrative expenses	23,753	17,209

5 Loss before tax

	2011 £'000	2010 £'000
Loss before tax has been arrived at after charging		
Staff costs (see note 6)	1,297	1,871
Auditors' remuneration for audit services (see below)	10	16

Auditors' remuneration is paid for centrally and recharged to the Company Amounts payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of Thomas Cook Group plc

6 Staff costs

The average monthly number of employees (including executive directors) was

	2011 Number	2010 Number
Administration	9	50

	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	1,031	1,527
Social security costs	98	154
Share options granted to directors and employees	44	38
Pension service costs (see note 15)	124	152
	1,297	1,871

Notes to the financial statements
Year ended 30 September 2011

7 Tax

	2011 £'000	2010 £'000
Current tax		
UK corporation tax charge for the year	-	-
Corporation tax charge for the year	-	-
Deferred tax movement - adjustments in respect of prior years	-	10
Deferred tax movement in current year	1,782	53
Deferred tax charge for the year (see note 11)	1,782	63
	1,782	63

Corporation tax is calculated at 27% (2010 28%) of the estimated assessable profit for the period

The tax credit for the period can be reconciled to the loss per the Statement of comprehensive income as follows

	2011 £'000	2010 £'000
Loss before tax	(8,946)	(3,315)
Expected tax charge at the UK corporation tax rate of 27% (2010 28%)	(2,416)	(928)
Tax effect of expenses that are not deductible in determining taxable profit	2	11
Short term timing differences	-	(11)
Deferred tax no longer recognised	1,770	-
Deferred tax effect of change in tax rate	12	64
Group relief surrendered for nil consideration	-	917
Current period deferred tax not recognised	2,414	-
Adjustments in respect of prior periods	-	10
Tax charge and effective tax rate for the period	1,782	63

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 27% and will be taxed at 26% in the future

Notes to the financial statements
Year ended 30 September 2011

7 Tax (continued)

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

8 Trade and other receivables

	2011 £'000	2010 £'000
Current assets		
Deposits and prepayments	1,119	1,042
Amounts due from Group undertakings	82,370	84,750
	83,489	85,792

Credit risk

The Company's principal financial assets are trade receivables, and amounts due from other Group undertakings

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Trade and other receivables are not subject to restrictions on title and no collateral is held as security The Directors consider that the carrying amounts of trade and other receivables is a reasonable approximation of their fair values

Notes to the financial statements
Year ended 30 September 2011

9 Trade and other payables

	2011 £'000	2010 £'000
Current liabilities		
Trade payables	(14,329)	(22,042)
Other taxation and social security	(330)	(331)
Accruals	(1,767)	(925)
Other payables	(146)	(1)
Amounts due to Group undertakings	(125,709)	(112,339)
	(142,281)	(135,638)

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 14 days (2010 25 days)

The directors consider that the carrying amount of trade payables approximates to their fair value

The amounts owed to group undertakings are unsecured, payable on demand and interest free

	2011 £'000	2010 £'000
Ageing analysis of trade and other payables		
Less than 3 months	(142,281)	(135,638)

10 Financial risk

The Company is subject to risks related to changes in exchange rates, counterparty credit and liquidity within the framework of its business operations

Counterparty credit risk

The Company is exposed to credit risk in relation to deposits, derivatives with a positive fair value and trade and other receivables The maximum exposure in respect of each of these items at the balance sheet date is their carrying value The Company assesses its counterparty exposure in relation to the investment of surplus cash, foreign exchange and undrawn credit facilities The Company uses published credit ratings, credit default swap prices and share price performance in the previous 30-day period to assess counterparty strength and therefore to define the credit limit for each counterparty

The Company's approach to credit risk in respect of trade or other receivables is explained in Note 8

Notes to the financial statements
Year ended 30 September 2011

10 Financial risk (continued)

Capital Management

The Company's objective when managing capital is to safeguard the company's ability to continue as a going concern

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The company monitors capital on the basis of net assets and the company strategy is to maintain a net asset position, the values of which are shown on the balance sheet at 30 September 2011 and 30 September 2010

11 Deferred tax asset

	Tax losses £'000	Accelerated tax depreciation £'000	Total £'000
At 30 September 2009	1,322	523	1,845
Current year tax credit to the Statement of comprehensive income	-	(63)	(63)
At 30 September 2010	1,322	460	1,782
Current year tax charge to the Statement of comprehensive income	(1,322)	(460)	(1,782)
Balance at 30 September 2011	-	-	-

No deferred tax assets have been offset against deferred tax liabilities

At the balance sheet date, the Company had unused tax losses of £22,717,000 (2010 £10,503,000) and other short term timing differences of £1,872,000 (2010 £1,872,000) available for offset against future profits No deferred tax asset has been recognised in respect of tax losses of £22,717,000 (2010 £5,782,000) due to the unpredictability of future profits

12 Share capital

	2011 £'000	2010 £'000
Authorised:		
100 ordinary shares of £1 each	-	-
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares, which carry no right to fixed income

Notes to the financial statements
Year ended 30 September 2011

13 Notes to the cash flow statement

	2011 £'000	2010 £'000
Loss before tax	(8,946)	(3,315)
Decrease/(increase) in receivables	2,303	(7,993)
Increase in operating payables and provisions	6,643	11,308
Cash outflow used in operating activities	-	-

14 Share based payments

Equity-settled share option scheme

The parent company (Thomas Cook Group plc) operates five equity-settled share-based payment schemes, as outlined below The total credit recognised during the year in respect of equity-settled share-based payment transactions was £44,000 (2010 charge of £38,000) From 1 November 2007 share based payment transactions are cash settled by the company through an intercompany recharge As such these amounts are no longer credited back through reserves

The Thomas Cook Group plc 2007 Performance Share Plan (PSP) and the HM Revenue & Customs Approved Company Share Option Sub-Plan (CSOSP)
Executive Directors and senior executives of the Company are granted options to acquire, or contingent share awards of, the ordinary shares of the Thomas Cook Group plc The awards will vest if performance targets for adjusted earnings per share (EPS) and total shareholder return (TSR) are met during the three years following the date of grant Subject to vesting conditions, the options are exercisable up to ten years after the date of grant

The Thomas Cook Group plc 2008 Co-Investment Plan (COIP)
Executive Directors and senior executives may be required to purchase shares in Thomas Cook Group plc using a proportion of their net bonus (Lodged Shares) For each Lodged Share purchased participants may receive up to 3 5 Matching Shares if performance targets for EPS, return on invested capital (ROIC) and TSR are met during the three years following the date of grant Subject to vesting conditions, the options or contingent share awards are exercisable up to ten years after the date of grant

The Thomas Cook Group plc 2008 Save As You Earn Scheme (SAYE)
Eligible employees were offered options to purchase shares in Thomas Cook Group plc by entering into a three or four year savings contract The option exercise price was set at a 10% (2010 grant) or 20% (2008 grant) discount to the market price at the offer date Options are exercisable during the six months after the end of the savings contract

The Thomas Cook Group plc 2008 HM Revenue & Customs Approved Buy As You Earn Scheme (BAYE)
Eligible UK tax-paying employees are offered the opportunity to purchase shares in Thomas Cook Group plc by deduction from their monthly gross pay For every ten shares an employee buys in this way, the Company will purchase one matching share on their behalf At 30 September 2011, 1,409 matching shares had been purchased (2010 nil)

Notes to the financial statements
Year ended 30 September 2011

14 Share based payments (continued)

Equity-settled share option scheme (continued)

The Thomas Cook Group plc Restricted Share Plan (RSP)
Senior executives of the Company are granted options to acquire, or contingent share awards of, the ordinary shares of the Thomas Cook Group plc Thomas Cook Group plc will determine at the date of award whether the award will be subject to a performance target and the date of vesting Subject to any vesting conditions, the options or contingent share awards are exercisable up to ten years after the date of grant

The movements in options and awards during the year and prior year were

			2011		
	PSP	RSP	COIP	SAYE	CSOSP
Outstanding at beginning of year	154,424	-	38,124	23,518	20,035
Granted	59,063	4,940	16,434	-	4,259
Exercised	(2,429)	-	-	-	-
Cancelled	-	-	(4,765)	(1,414)	-
Forfeited	(87,453)	-	(24,797)	(7,815)	(5,106)
Outstanding at end of year	123,605	4,940	24,996	14,289	19,188
Exercisable at end of year	-	-	-	4,392	-
Exercise price	Nil	Nil	Nil	1 81-2 15	1 88-2 22
Average remaining contractual life (years)	8 2	9 5	8 6	1 6	7 7

The weighted average share price at the date of exercise for the options exercised during the year ended 30 September 2011 was £1 76

		2010		
	PSP	COIP	SAYE	CSOSP
Outstanding at beginning of year	127,550	26,285	10,980	21,950
Granted	47,726	11,839	15,501	-
Exercised	(6,432)	-	-	-
Cancelled	-	-	(2,401)	-
Forfeited	(14,420)	-	(562)	(1,915)
Outstanding at end of year	154,424	38,124	23,518	20,035
Exercisable at end of year	2,429	-	-	-
Exercise price	Nil	Nil	1 81-2 15	1 88-2 22
Average remaining contractual life (years)	8 5	8 5	2 6	8 3

The weighted average share price at the date of exercise for the options exercised during the year ended 30 September 2010 was £2 43

Notes to the financial statements
Year ended 30 September 2011

14 Share based payments (continued)

The fair value of options and awards subject to EPS and ROIC performance targets was determined by the use of Black-Scholes models and the fair value of options subject to TSR performance targets was determined by the use of Monte Carlo simulations For options and awards granted during the year the key inputs to the models were

	2011			
	PSP	COIP	CSOSP	RSP
Share price at measurement date	1 64	1 76	1 65	1 67
Exercise price (£)	Nil	Nil	1 97	Nil
Expected volatility (%)	48	48	48	31
Expected volatility of comparator group (%)	25-121	25-121	25-121	n/a
Expected correlation with comparator group (%)	35	35	35	n/a
Option life (years)	3	3	3	1
Risk free rate (%)	1 7	1 7	1 7	0 8
Expected dividend yield (%)	7	6	7	7
Weighted average fair value at date of grant	1 10	1 20	0 28	1 56

	2010		
	PSP	COIP	SAYE
Share price at measurement date	2 33	2 34	2 01
Exercise price (£)	Nil	Nil	1 81
Expected volatility (%)	50	50	50
Expected volatility of comparator group (%)	26-121	26-121	n/a
Expected correlation with comparator group (%)	32	32	n/a
Option life (years)	3	3	3 3
Risk free rate (%)	2 0	2 0	1 58
Expected dividend yield (%)	6	6	6
Weighted average fair value at date of grant	1 62	1 63	0 46

Expected volatility has been based on the historic volatility of the shares of Thomas Cook Group plc and the shares of other companies in the same or related sectors

15 Retirement benefit schemes

The Pension Plan for the thomascook com Limited employees is the Thomas Cook UK Pension Plan, a funded defined benefit arrangement and the assets are held in a separate Trust arrangement Following the 2008 actuarial valuation of the Thomas Cook UK pension plan, a six-year Recovery Plan was agreed with the pension trustees to fund the actuarial deficit In line with that agreement, Thomas Cook UK committed to make additional quarterly payments totalling £105 6m through to June 2014 During the year ended 30 September 2011, Thomas Cook UK paid four instalments totalling £21 0m in line with the recovery plan Quarterly payments totalling £22 3m will be made during the year ending 30 September 2012 The Group is expected to make aggregate contributions to its funded defined benefit schemes of £28 7m during the year commencing 1 October 2011

Notes to the financial statements
Year ended 30 September 2011

15 Retirement benefit schemes (continued)

Based on the contributions made by employees thomascook com Limited compared to the contributions made by employees of other group companies, amounts charged to the profit and loss account and apportioned to the balance sheet are not deemed to be material as a proportion of the total scheme charge and valuation

The assets and liabilities of the scheme have therefore not been apportioned to thomascook com Limited and the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme

The deficit on the Principal UK Plan at 30 September 2011 was £87,177,000 (2010 £162,422,661) Pension costs for the Company that were charged against the loss for the year are £124,000 (2010 £152,000)

There are £nil pension contributions included in debtors or creditors at the year end (2010 £nil)

16 Related party transactions

Transactions between the Company and other members of the Thomas Cook Group plc are disclosed below

Trading transactions	**Sale of goods**		**Purchase of goods**		**Amounts owed by related parties**		**Amounts owed to related parties**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Parent and fellow subsidiary	40,287	35,059	-	-	82,370	84,750	(125,709)	(112,339)

The Company's revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business Only the commission receivable element of a holiday payment is recognised in the Statement of comprehensive income - the balance of the amount payable by the customers is collected by the Company on behalf of the travel provider and is not included in either purchases or sales

The amounts outstanding are unsecured and will be settled in the normal course of business No guarantees have been given or received No provisions have been made for doubtful debts in respect of the amounts owed by related parties

The Company also paid a net management charge to the UK segment of Thomas Cook Group plc of £17,442,000 (2010 £15,263,870) in respect of services provided by the Group, including information technology, legal, human resources, finance and an apportionment of the cost of outsourcing certain support services

Other trading transactions

During the year, the Company entered into no transactions with related parties who are not members of the Thomas Cook Group plc

Notes to the financial statements
Year ended 30 September 2011

17 Remuneration of key personnel

Key management compensation

The aggregate amounts of key management compensation are set out below

	2011 £'000	2010 £'000
Salaries and short-term employment benefits	**385**	355
Termination benefits	**168**	-
Company pension contributions to defined contribution schemes	**17**	6
Company pension contributions to final salary schemes	**25**	23
Total	**595**	384

For the year ended 30 September 2011, the directors are of the opinion that the key management of the Company comprised the statutory directors of the Company together with those members of the UK Executive team who are not also statutory directors. These persons have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly For the prior year, the statutory directors were considered to represent the key management personnel plus executive board At 30 September 2011, key management comprised 21 people (2010 16 people)

Directors' emoluments

The aggregate emoluments of the directors of the Company are set out below

	2011 £'000	2010 £'000
Aggregate emoluments in respect of qualifying services	177	186
Termination benefits	147	-
Aggregate Company pension contributions to final salary schemes	21	18
Aggregate Company pension contributions to defined contribution schemes	3	-
	348	204

Notes to the financial statements
Year ended 30 September 2011

17 Remuneration of key personnel (continued)

Directors' emoluments are paid by a fellow subsidiary Where services provided to the Company are of a non-executive nature no emoluments are disclosed within the financial statements of the Company Emoluments are disclosed in the financial statements of the group companies where services are performed as an executive director

Pensions

The number of directors who were members of pension schemes was as follows

	2011 Number	2010 Number
Defined benefit schemes	2	2
Defined contribution schemes	1	-
	3	2

The amounts in respect of the highest paid director are as follows

	2011 £'000	2010 £'000
Aggregate emoluments in respect of qualifying services	52	145
Termination benefits	105	-
Aggregate Company pension contributions to final salary schemes	7	13
	164	158

Directors' transactions

No transactions have been entered into with any of the Directors noted in either period

18 Ultimate controlling party

The Company is a subsidiary of Thomas Cook UK Limited, which is incorporated in England and Wales

Thomas Cook Group plc, incorporated in England and Wales, is the Company's ultimate parent company and ultimate controlling party

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company The consolidated accounts of Thomas Cook Group plc may be obtained from 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN