

**First Choice Office Services Limited**

**Directors' report and financial statements**

**for the year ended 30 September 2011**

**Company number 2469040**

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**First Choice Office Services Limited**  
**Report of the Directors for the year ended 30 September 2011**

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The Directors present their report and the audited financial statements of First Choice Office Services Limited ("the Company") for the year ended 30 September 2011

**Principal activity**

The Company did not trade in either the current or prior year. The Company receives interest on an interest-bearing loan made to TUI UK Limited, a fellow subsidiary in the TUI Travel PLC group of companies ("the Group").

**Results and dividends**

The Company's profit on ordinary activities before taxation for the year ended 30 September 2011 was £385,000 (2010: £689,000), being interest on the intercompany loan referred to above. No dividends were paid during the year (2010: £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 present 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. Please also refer to Note 1.

**Directors**

The Directors of the Company at the date of this report are

First Choice Holidays & Flights Limited

A L John

J Walter

**Independent auditors**

During the year KPMG Audit Plc resigned as auditors and PricewaterhouseCoopers LLP were appointed by the Directors in their place. 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**

Throughout the financial year, and at the date of approval of these financial statements, the intermediate parent company, TUI Travel PLC, maintained Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision.

**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.

**First Choice Office Services Limited**  
**Report of the Directors for the year ended 30 September 2011**

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**Statement of Directors' responsibilities**

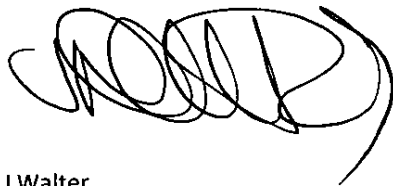
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to be 'J Walter', written over a horizontal line.

**J Walter**  
**Director**

Company Number 2469040

Dated 21 May 2012

**First Choice Office Services Limited**

**Report of the independent auditors to the members of First Choice Office Services Limited**

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We have audited the financial statements of First Choice Office Services Limited for the year ended 30 September 2011 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 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 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.

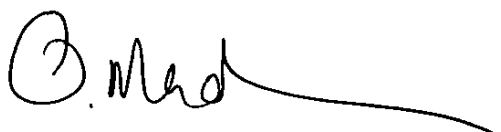
**Opinion on other matter prescribed by the Companies Act 2006**

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.



Owen Mackney (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

21 May 2012

**First Choice Office Services Limited**  
**Profit and loss account for the year ended 30 September 2011**

		<b>Year ended 30 September 2011 £'000</b>	<b>Year ended 30 September 2010 £'000</b>
	<b>Note</b>		
Interest receivable and similar income	3	<u>385</u>	<u>689</u>
<b>Profit on ordinary activities before taxation</b>	2	<b>385</b>	<b>689</b>
Tax on profit on ordinary activities	4	<b>(104)</b>	<b>(193)</b>
<b>Profit for the financial year</b>	9	<b><u>281</u></b>	<b><u>496</u></b>

The results stated above are all derived from continuing operations

A note on historical cost profit and loss has not been included as part of these financial statements because the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

There are no recognised gains and losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

**First Choice Office Services Limited**  
**Balance Sheet as at 30 September 2011**

		<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
	<b>Note</b>		
<b>Current assets</b>			
Debtors amounts falling due after more than one year	5	-	4,785
Debtors amounts falling due within one year	6	<u>5,352</u>	<u>182</u>
		<b>5,352</b>	<b>4,967</b>
<b>Creditors amounts falling due within one year</b>	7	<b>(297)</b>	<b>(193)</b>
<b>Net assets</b>		<u><b>5,055</b></u>	<u><b>4,774</b></u>
<b>Capital and reserves</b>			
Called-up share capital	8	-	-
Profit and loss account	9	<b>5,055</b>	<b>4,774</b>
<b>Total shareholders' funds</b>	10	<u><b>5,055</b></u>	<u><b>4,774</b></u>

The notes from pages 6 to 9 form part of these financial statements

The financial statements were approved by the Board on 21 May 2012 and signed on their behalf of



**J Walter**  
**Director**

## 1. Accounting policies

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

### Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and under the historical cost convention

### Going concern

The accounts are prepared on the going concern basis as the intermediate parent company, TUI Travel PLC, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the Group

### Cash flow

The Company is exempt from the requirement 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

### Taxation

UK Corporation Tax is provided on amounts expected to be paid (or recovered) 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 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.

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 (and substantively enacted on 20 July 2010). On 23 March 2011, the UK Government announced an additional 1% reduction in the main UK corporation tax rate to 26% taking effect from 1 April 2011. On 21 March 2012, the UK Government announced a further 1% reduction in the main UK corporation tax rate to 24% taking effect from 1 April 2012. A further two reductions of 1% will follow annually, reducing the corporation tax rate to 22% from 1 April 2014.

### 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.

## 2. Profit on ordinary activities before taxation

The Company had no employees in either the current or prior year.

The Directors received no remuneration for their services to the Company during the year (2010: £nil). The Directors are also directors of a number of other Group subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the Group subsidiaries of which they are a director.

In 2010 and 2011 the auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

**3. Interest receivable and similar income**

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Income from Group undertakings	<u>385</u>	<u>689</u>

**4 Taxation**

**(i) Analysis of tax charge in year**

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Current tax		
- Amounts payable to fellow subsidiaries for group relief	<u>104</u>	<u>193</u>
<b>Total current tax</b>	<u><b>104</b></u>	<u><b>193</b></u>

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

The current tax charge for the year is equal (2010 equal) to the standard rate of corporation tax in the UK of 27% (2010 28%). The differences are explained below

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Profit on ordinary activities before tax	<u>385</u>	<u>689</u>
Profit on ordinary activities at the standard rate of UK corporation tax of 27% (2010 28%)	<u>104</u>	<u>193</u>
Effects of		
- Expenses not deductible for tax purposes	<u>-</u>	<u>-</u>
<b>Current tax charge for year</b>	<u><b>104</b></u>	<u><b>193</b></u>

**(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 after taking into account expenditure not deductible for taxation and any non-taxable income. The statutory rate of UK corporation tax is reduced to 24% with effect from 1 April 2012.

**5. Debtors: amounts falling due after more than one year**

	30 September 2011 £'000	30 September 2010 £'000
Amounts owed by Group undertakings	<u>-</u>	<u>4,785</u>

Amounts owed by Group undertakings comprise an intercompany loan note which is unsecured and interest-bearing, chargeable at the 6-month LIBOR rate applicable at the inception date plus 125 basis points. Interest remaining unpaid after 6 months is capitalised as part of the principal balance. The loan note was due to be repaid on 31 March 2012 and accordingly has been classified within Debtors' amounts falling due within one year in the current year.



**6. Debtors: amounts falling due within one year**

	30 September 2011 £'000	30 September 2010 £'000
Amount owed by Group undertakings	<u>5,352</u>	<u>182</u>

Amounts owed by Group undertakings comprise an intercompany loan note which is unsecured and interest-bearing, chargeable at the 6-month LIBOR rate applicable at the inception date plus 125 basis points. Interest remaining unpaid after 6 months is capitalised as part of the principal balance. The loan note was due to be repaid on 31 March 2012. On 24 February 2012 the Company notified the lender that it did not intend to demand repayment of the total outstanding loan balance due under the Loan Agreement within 18 months from that date. Interest will continue to accrue from the Maturity Date until the date of final payment.

**7. Creditors: amounts falling due within one year**

	30 September 2011 £'000	30 September 2010 £'000
Group relief payable	<u>(297)</u>	<u>(193)</u>

**8. Called-up share capital**

	30 September 2011 £	30 September 2010 £
Issued and fully paid 100 ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

**9. Profit and loss account**

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
At 1 October	4,774	4,278
Profit for the financial year	281	496
<b>At 30 September</b>	<u><b>5,055</b></u>	<u><b>4,774</b></u>

**10. Reconciliation of movement in shareholders' funds**

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Opening shareholders' funds	4,774	4,278
Profit for the financial year	281	496
<b>Closing shareholders' funds</b>	<u><b>5,055</b></u>	<u><b>4,774</b></u>

All shareholder funds relate to equity interests

**11. Related party transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard Number 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.

**12. 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 holding company is TUI UK Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from the Company Secretary, TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website [www.tuitravelplc.com](http://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 [www.tui-group.com](http://www.tui-group.com).