

First Choice Office Services Limited

Report and Financial Statements

for the year ended

30 September 2009

Company number 2469040

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FIRST CHOICE OFFICE SERVICES LIMITED
Report of the Directors for the year ended 30 September 2009

The Directors submit their report and the audited financial statements of First Choice Offices Services Limited ("the Company") for the year ended 30 September 2009

Principal activity

The principal activity of the Company was that of a provider of services to other companies within the TUI Travel PLC group of companies. These services comprised of overhead, information technology, property and employee services.

As part of a Group-wide legal entity restructure on 1 October 2008

- TUI UK Limited, a fellow group undertaking acquired 100% of the Company's share capital
- The Company transferred its trade, assets and liabilities to TUI UK Limited. The value of assets and liabilities disposed of and consideration receivable is set out in Note 14.

Results and dividends

The profit on ordinary activities before taxation for the year ended 30 September 2009 amounted to £3,871,000 (2008 profit £945,000). All transactions in the year relate to the business disposal and legal restructure.

There were no dividends paid during the year (2008 £2,787,000). 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

First Choice Holidays & Flights Limited
A L John
J Walter

Policy and practice on payment of creditors

The Company did not trade with external suppliers and therefore no trade creditors existed at any time during the year.

Directors' insurance

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

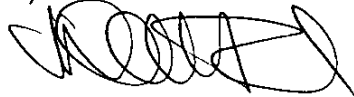
Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



J Walter
Director

Dated 25 June 2010

Company Number 2469040

FIRST CHOICE OFFICE SERVICES 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

FIRST CHOICE OFFICE SERVICES LIMITED

Report of the independent auditor's to the members of First Choice Office Services Limited

Company Number 2469040

We have audited the financial statements of First Choice Office Services Limited for the year ended 30 September 2009 set out on pages 4 to 12. 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 auditor's 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 web-site 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.

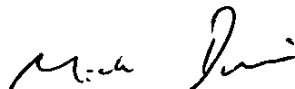
Opinion on other matter prescribed by the Companies Act 2006

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.



Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

29 June 2010

FIRST CHOICE OFFICE SERVICES LIMITED
Profit and loss account for the year ended 30 September 2009

	Note	Year ended 30 September 2009 £'000	Year ended 30 September 2009 £'000
Turnover	1,2	-	19,847
Operating expenses		-	(18,902)
Operating profit		-	945
Profit on disposal of business		3,871	-
Profit on ordinary activities before taxation		3,871	945
Tax on profit on ordinary activities	6	-	(539)
Profit for the financial year	13	3,871	406

The results stated above are all derived from discontinued operations

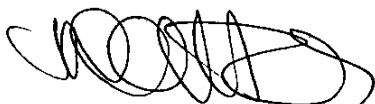
A note on historical cost profit and loss has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The company has 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 at 30 September 2009

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed assets			
Tangible assets	7	-	32,213
Current assets			
Debtors	8	4,278	9,142
Creditors: amounts falling due within one year	9	-	(40,948)
Net current liabilities		<u>4,278</u>	<u>(31,806)</u>
Total assets less current liabilities		<u>4,278</u>	<u>407</u>
Net assets		<u>4,278</u>	<u>407</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>4,278</u>	<u>407</u>
Equity shareholders' funds	13	<u>4,278</u>	<u>407</u>

The financial statements were approved by the Board on 25 June 2010 and signed on their behalf by



J Walter
Director

FIRST CHOICE OFFICE SERVICES LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009

1. Accounting policies

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

Basis of preparation

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

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

Tangible fixed assets

Tangible fixed assets are stated at historic cost, less accumulated depreciation and provision for impairment. Depreciation is provided on tangible assets, other than land, on a straight-line basis at rates calculated to write off the cost or valuation, less estimated residual values, of each asset over its expected useful life

The rates and methods used are as follows

Freehold properties	50 years
Leasehold properties	Period of lease
Motor vehicles	5 years
Office equipment	4 years
Computer equipment	3-5 years

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 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.

Turnover

Turnover represents the total amount, excluding value added tax, invoiced by the Company in respect of management services provided in the ordinary course of business and arises primarily in the United Kingdom. Turnover is recognised on an accruals basis to match the provision of the related management services

Dividends

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

Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI Travel PLC

Operating leases

Rentals payable and receivable under operating leases are charged or credited to the profit and loss account on a straight-line basis over the period of the lease

2. Segmental analysis

The Company did not trade in its normal class of business during the financial year. All transactions in the year relate to the legal restructure

FIRST CHOICE OFFICE SERVICES LIMITED**Notes forming part of the financial statements for the year ended 30 September 2008 (continued)**

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Depreciation	-	15,232
Operating Lease rentals		
- Land and buildings	-	2,200
- Motor vehicles	-	726

In 2009 and 2008, auditors' remuneration was paid by another group company. The audit fee relating to the Company was as follows:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Fees for the audit of the Company	<u>5</u>	<u>14</u>

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. Staff costs

The company did not employ any staff during 2009 or 2008.

5. Directors' remuneration

For the year ended 30 September 2009 and 2008, the remuneration of the Directors of the Company was paid by other Group companies.

FIRST CHOICE OFFICE SERVICES LIMITED
Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

6. Taxation	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
(i) Analysis of tax charge in year		
Current tax		
Amount payable to fellow subsidiaries for group relief	-	4,738
Adjustments in respect of previous years	-	58
Total current tax	-	4,796
Deferred tax		
Origination and reversal of timing differences		
- Current period UK	-	(4,257)
Total deferred tax	-	(4,257)
Tax charge on profit on ordinary activities	-	539

(ii) Factors affecting the current tax charge for year

There is no current tax charge in the year (2008 higher than the standard rate of UK corporation tax of 29%) The differences are explained below

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Profit on ordinary activities before tax	3,871	945
Profit on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	1,084	274
Effect of		
- Expenses not deductible for tax purposes	-	55
- Income not chargeable for tax purposes	(1,084)	-
- Fixed asset timing differences	-	4,409
- Adjustment to tax charge in respect of previous periods	-	58
Current tax charge for the year	-	4,796

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK Corporation tax of 28% in future periods However it is not anticipated that the Company will trade

FIRST CHOICE OFFICE SERVICES LIMITED
Notes forming part of the financial statements for the year ended 30 September 2009 (continued)
7. Tangible fixed assets

	Short leasehold property £'000	Freehold property £'000	Office, computer equipment & motor vehicles £'000	Total £'000
Cost				
1 October 2008	5,719	1,353	94,390	101,462
Disposals (Note 14)	(5,719)	(1,353)	(94,390)	(101,462)
At 30 September 2009	-	-	-	-
Depreciation				
1 October 2008	(5,659)	(421)	(63,169)	(69,249)
Disposals (Note 14)	5,659	421	63,169	69,249
At 30 September 2009	-	-	-	-
Net book value				
At 30 September 2009	-	-	-	-
At 30 September 2008	60	932	31,221	32,213

8. Debtors

	30 September 2009 £'000	30 September 2008 £'000
Deferred tax asset (Note 10)	-	9,142
Amounts owed by group undertakings	4,278	-
	4,278	9,142

9. Creditors: amounts falling due within one year

	30 September 2009 £'000	30 September 2008 £'000
Amounts owed to group undertakings	-	27,574
Group relief payable	-	13,374
	-	40,948

FIRST CHOICE OFFICE SERVICES LIMITED**Notes forming part of the financial statements for the year ended 30 September 2009 (continued)****10. Deferred tax liability**

The movement in deferred taxation during the year was

	30 September 2009 £'000
At 1 October 2008	9,142
Transfers out (Note 14)	<u>(9,142)</u>
At 30 September 2009	<u><u>-</u></u>

There are no unrecognised deferred assets nor unprovided deferred tax liabilities at either 30 September 2009 or 30 September 2008

11. Share capital

	30 September 2009 £	30 September 2008 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. Reserves

	Profit and loss account £'000
At 1 October 2008	407
Profit for the year	<u>3,871</u>
At 30 September 2009	<u><u>4,278</u></u>

FIRST CHOICE OFFICE SERVICES LIMITEDNotes forming part of the financial statements for the year ended 30 September 2009 (*continued*)**13. Reconciliation of movements in equity shareholders' funds**

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Opening shareholders' funds	407	2,788
Profit for the financial year	3,871	406
Dividends paid	-	(2,787)
Closing shareholders' funds	4,278	407

All shareholders' funds relate to equity interests

14. Financial implications of the business transfers

On 1 October 2008, the Company's entire share capital was acquired by TUI UK Limited. On the same day, the Company transferred its trade, assets and liabilities to TUI UK Limited. Consideration of £4,278m was receivable, resulting in a gain of £3,871m on disposal.

The assets and liabilities transferred are shown in the table below

	Amount £'000
At 1 October 2008	
Tangible fixed assets	32,213
Debtors	9,142
Total assets	41,355
Creditors' amounts falling due within one year	(40,948)
Total liabilities	(40,948)
Net assets	407
Consideration receivable	4,278
Profit on disposal	3,871

FIRST CHOICE OFFICE SERVICES LIMITED

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

15. Ultimate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany), which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate parent Company is 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 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.