

First Choice Overseas Holdings Limited
Directors' report and financial statements
for the year ended 30 September 2011
Company number 2469120

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First Choice Overseas Holdings Limited
Report of the Directors for the year ended 30 September 2011

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

Principal activity

The Company's principal activity during the year continued to be that of an intermediate holding company

Results and dividends

The loss on ordinary activities before taxation for the year ended 30 September 2011 amounted to £1,021,000 (2010 £19,795,000) There were no dividends paid during the year (2010 £nil) The Directors do not recommend the payment of a final dividend

Business review

Since the Company is a holding company, the Company's business performance, risks and uncertainties and key performance indicators are wholly driven by the underlying operating performance of its subsidiaries The Company's investments are listed in Note 6

The Company is an integral part of the TUI Travel PLC group of companies ("the Group") The business review, key performance indicators and risks and uncertainties of TUI Travel PLC for the year ended 30 September 2011 are included in the consolidated financial statements of that company (which can be obtained from the TUI Travel PLC address given in Note 13)

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 during the year and up to 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' and 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

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 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, 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



J Walter
Director

Dated 26 September 2012
Company number 2469120

We have audited the financial statements of First Choice Overseas Holdings 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 Statement of Directors' Responsibilities set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report 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 loss 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.

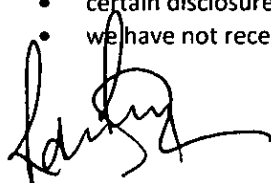
Opinion on other matter prescribed by the Companies Act 2006

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.



Roger de Peyrecave (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
London

Dated 27 September 2012

First Choice Overseas Holdings Limited
Profit and loss account for the year ended 30 September 2011

	Note	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Administrative credit/(expenses)	2	<u>4,317</u>	<u>(9,905)</u>
Operating profit/(loss)		4,317	(9,905)
Amounts written off investments	6	-	(6,669)
Interest receivable and similar income	3	-	136
Interest payable and similar charges	4	<u>(5,338)</u>	<u>(3,357)</u>
Loss on ordinary activities before taxation	2	(1,021)	(19,795)
Tax on loss on ordinary activities	5	<u>(334)</u>	<u>-</u>
Loss for the financial year	10	<u>(1,355)</u>	<u>(19,795)</u>

The results stated above are all derived from continuing activities

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

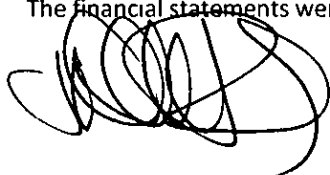
There are no recognised gains and losses other than those included in the profit and loss account

First Choice Overseas Holdings Limited
Balance sheet as at 30 September 2011

	Note	30 September 2011 £'000	30 September 2010 £'000
Fixed assets			
Investments	6	<u>134,805</u>	<u>134,805</u>
		134,805	134,805
Current assets			
Debtors	7	<u>6,763</u>	<u>25,123</u>
 Creditors amounts falling due within one year	8	<u>(194,932)</u>	<u>(211,937)</u>
 Net current liabilities		(188,169)	(186,814)
 Net liabilities		<u>(53,364)</u>	<u>(52,009)</u>
 Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	<u>(53,364)</u>	<u>(52,009)</u>
Equity shareholders' deficit	11	<u>(53,364)</u>	<u>(52,009)</u>

The notes on pages 6 to 10 form part of the financial statements

The financial statements were approved by the Board on 26 September 2012 and signed on their behalf by



J Walter
Director

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, except as noted below

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.

Going concern

At 30 September 2011, the Company had net current liabilities and net liabilities. 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.

Investments

Investments are stated at cost less provision for diminution in value. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If such an indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an investment exceeds its recoverable amount.

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. Dividends receivable are recognised as an asset in the Company's financial statements in the period in which the Company's investment recognises the dividend liability in its financial statements.

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after crediting/(charging)

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Administrative credit/(expenses)	<u>4,317</u>	<u>(9,905)</u>

The administrative credit in the current year consists wholly of the net write back of intercompany balances no longer considered payable

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

There were no employees of the Company in the years ending 30 September 2011 and 2010.

The remuneration of the Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company. These Directors are also Directors of a number of companies within the Group and it is therefore not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies for which they are a Director.

3. Interest receivable and similar income

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Foreign exchange gain	-	132
Bank interest	<u>-</u>	<u>4</u>
	<u>-</u>	<u>136</u>

4. Interest payable and similar charges

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Loan interest payable to Group undertakings	<u>5,338</u>	<u>3,357</u>

5 Tax on loss on ordinary activities	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
(i) Analysis of tax charge in the year		
Current tax		
Amount receivable from fellow subsidiaries for group relief	(1,441)	-
Adjustment in respect of previous periods	1,775	-
Tax charge on loss on ordinary activities	334	-

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

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 27% (2010 28%) This is explained below

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Loss on ordinary activities before tax	(1,021)	(19,795)
Loss on ordinary activities at the standard rate of UK corporation tax of 27% (2010 28%)	(276)	(5,543)
Effect of		
- Expenses not deductible for tax purposes	-	4,641
- Income not taxable for tax purposes	(1,165)	-
- Losses in the year not utilised	-	387
- Controlled foreign company apportionment	-	515
- Adjustments in respect of previous periods	1,775	-
Current tax charge for the year	334	-

(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

There is an unrecognised deferred tax asset of £345,927 (2010 £373,601) in respect of deficits on non-trading loan relationships The asset has not been recognised because the Directors cannot be certain of the timing of any benefits that might arise in future periods There are no other unrecognised deferred tax assets or unprovided deferred tax liabilities at the current or prior year end

6 Investments

	Investments in subsidiary undertakings £'000
Cost	
As at 30 September 2010 and 30 September 2011	177,897
Provision for diminution in value	
As at 30 September 2010 and 30 September 2011	(43,092)
Net book value	
As at 30 September 2010 and 30 September 2011	134,805

In 2010 there was an impairment charge recognised in the year of £6,669,000 which impaired the investment in JWT Holidays Limited of £6,500,000 to £nil, together with the write down of the investment into two other subsidiaries as the Directors considered that the underlying net assets of those subsidiaries no longer supported the carrying value of the investments

Investment in principal subsidiary undertakings

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
TUI Canada Holdings Inc	100	Canada	Investment Company
Absolut Insurance Limited	33	Guernsey	Insurance
Falcon Leisure Group Overseas Limited	100	UK	Tour Operator
I Viaggi del Turchese S r l	100	Italy	Tour Operator

7 Debtors

	30 September 2011 £'000	30 September 2010 £'000
Amounts owed by Group undertakings	6,763	25,123

Amounts owed by Group undertakings are unsecured and have no fixed date of repayment Balances are interest free

8 Creditors' amounts falling due within one year

	30 September 2011 £'000	30 September 2010 £'000
Amounts owed to Group companies	194,598	211,937
Group relief payable	334	-
	194,932	211,937

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and bear interest at a rate within the range of 0 - 6.3%

9. Share capital

	30 September 2011	30 September 2010
	£	£
Issued and fully paid		
100 ordinary shares of £1 each	100	100

10. Profit and loss account

	£'000
At 1 October 2010	(52,009)
Loss for the financial year	(1,355)
At 30 September 2011	(53,364)

11. Reconciliation of movements in shareholders' deficit

	30 September 2011	30 September 2010
	£'000	£'000
Opening shareholders' deficit	(52,009)	(32,214)
Loss for the financial year	(1,355)	(19,795)
Closing shareholders' deficit	(53,364)	(52,009)

All shareholders' funds relate to equity interests

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 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 Sovereign Tour Operations 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.tuitravelpc.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.