

**First Choice Overseas Holdings Limited**  
**Directors' report and financial statements**  
**for the year ended 30 September 2012**  
**Company number 2469120**

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**First Choice Overseas Holdings Limited**  
**Report of the Directors for the year ended 30 September 2012**

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The Directors present their report and the audited financial statements of First Choice Overseas Holdings Limited ("the Company") for the year ended 30 September 2012

**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 2012 amounted to £2,534,000 (2011 £1,021,000) There were no dividends paid during the year (2011 £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

In the year ended 30 September 2012, the Company received a distribution on the dissolution of Group undertakings totalling £77,504 (2011 £nil)

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 2012 are included in the consolidated financial statements of that company (which can be obtained from the TUI Travel PLC address given in Note 14)

**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**

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**

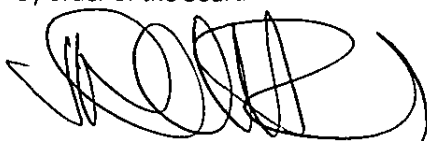
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 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



J Walter  
**Director**

Dated 21 June 2013  
Company number 2469120

**First Choice Overseas Holdings Limited**

**Independent auditors' report to the members of First Choice Overseas Holdings Limited**

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We have audited the financial statements of First Choice Overseas Holdings Limited for the year ended 30 September 2012 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 2012 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.

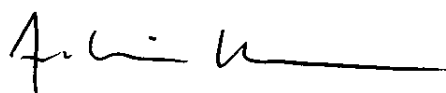
**Opinion on other matter prescribed by the Companies Act 2006**

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.



Archie Wilson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditor  
Uxbridge

Dated 21 June 2013

**First Choice Overseas Holdings Limited**  
**Profit and loss account for the year ended 30 September 2012**

	Note	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Administrative credit	2	-	4,317
<b>Operating profit</b>		-	4,317
Income from shares in Group undertakings	2	78	-
Interest receivable and similar income	3	1	-
Interest payable and similar charges	4	(2,613)	(5,338)
<b>Loss on ordinary activities before taxation</b>	2	(2,534)	(1,021)
Tax credit / (charge) on loss on ordinary activities	5	995	(334)
<b>Loss for the financial year</b>	11	<u>(1,539)</u>	<u>(1,355)</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

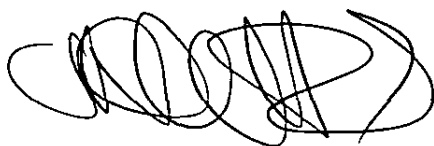
There are no recognised gains and losses other than those included in the profit and loss account

**First Choice Overseas Holdings Limited**  
**Balance sheet as at 30 September 2012**

	Note	30 September 2012 £'000	30 September 2011 £'000
<b>Fixed assets</b>			
Investments	6	<u>134,190</u>	<u>134,805</u>
		<b>134,190</b>	<b>134,805</b>
<b>Current assets</b>			
Debtors	7	<u>7,502</u>	<u>6,763</u>
 Creditors amounts falling due within one year	8	<u>(84,603)</u>	<u>(194,932)</u>
<b>Net current liabilities</b>		<u>(77,101)</u>	<u>(188,169)</u>
<b>Total assets less current liabilities</b>		<b>57,089</b>	<b>(53,364)</b>
 Creditors amounts falling due after more than one year	9	<u>(111,992)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(54,903)</u>	<u>(53,364)</u>
 <b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	<u>(54,903)</u>	<u>(53,364)</u>
<b>Total shareholders' deficit</b>	12	<u>(54,903)</u>	<u>(53,364)</u>

The notes on pages 6 to 11 form part of the financial statements

The financial statements were approved by the Board on 21 June 2013 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 the Companies Act 2006, 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 2012, 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**

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods.

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.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

On 22 June 2010, 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 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012.

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013.

**Taxation continued**

Further proposals to reduce the main UK corporation tax rate to 21% on 1 April 2014 and 20% on 1 April 2015 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements

This may reduce the Company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge, it is estimated that this will not have a material effect on the Company.

**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

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Administrative credit	-	4,317
Income from shares in Group undertakings	<u>78</u>	<u>-</u>

The administrative credit in the year ended 30 September 2011 consists wholly of the net write back of intercompany balances no longer payable.

Income from shares in Group undertakings represents a distribution on the dissolution of Taurus Tours AG of £77,504 (2011: £nil). The investment in Taurus Tours has previously been impaired to nil.

In 2012 and 2011, 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 2012 and 2011.

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 2012 £'000	Year ended 30 September 2011 £'000
Foreign exchange gain	<u>1</u>	<u>-</u>

The total amount of foreign exchange gains relate to the exchange rate changes on dividends received from Group undertakings between declaration and payment.



**4. Interest payable and similar charges**

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Loan interest payable to Group undertakings	<u>2,613</u>	<u>5,338</u>

**5 Tax on loss on ordinary activities**

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
<b>(i) Analysis of tax (credit)/charge in the year</b>		
Current tax		
Amount receivable from fellow subsidiaries for group relief	(608)	(1,441)
Adjustment in respect of previous periods	<u>(387)</u>	<u>1,775</u>
<b>Tax (credit)/charge on loss on ordinary activities</b>	<u>(995)</u>	<u>334</u>

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

The current tax credit (2011 charge) for the year differs from the standard rate of corporation tax in the UK of 25% (2011 27%). This is explained below

	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Loss on ordinary activities before tax	<u>(2,534)</u>	<u>(1,021)</u>
Loss on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	(634)	(276)
Effect of		
- Income not taxable	(19)	(1,165)
- Controlled foreign company apportionment	45	-
- Adjustments in respect of previous periods	<u>(387)</u>	<u>1,775</u>
<b>Current tax (credit)/charge for the year</b>	<u>(995)</u>	<u>334</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. The statutory rate of UK corporation tax is reduced to 23% with effect from 1 April 2013.

There is an unrecognised deferred tax asset of £nil (2011 £345,927) in respect of deficits on non-trading loan relationships. 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
<b>Cost</b>	
As at 1 October 2011	177,897
Disposals	(4,824)
<b>As at 30 September 2012</b>	<b>173,073</b>
<b>Provision for diminution in value:</b>	
As at 1 October 2011	(43,092)
Disposals	4,209
<b>As at 30 September 2012</b>	<b>(38,883)</b>
<b>Net book value</b>	
<b>As at 30 September 2012</b>	<b>134,190</b>
As at 1 October 2011	134,805

The disposals in the year consisted of the redemption of the entire holding of 615,000 cumulative preference shares of £1 each from Falcon Leisure Group (Overseas) Limited, and on 23 August 2012 the dissolution of Taurus Tours AG, which had been fully impaired in prior years

The Directors believe that the book value of the investments is supported by their underlying net assets

### 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 2012 £'000	30 September 2011 £'000
Group relief receivable	661	-
Amounts owed by Group undertakings	6,841	6,763
	<b>7,502</b>	<b>6,763</b>

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

**First Choice Overseas Holdings Limited**

**Notes to the financial statements for the year ended 30 September 2012**

**8. Creditors amounts falling due within one year**

	30 September 2012 £'000	30 September 2011 £'000
Amounts owed to Group companies	84,603	194,598
Group relief payable	-	334
	<u>84,603</u>	<u>194,932</u>

Amounts owed to Group undertakings are unsecured, are interest free and have no fixed date of repayment. Balances held within the year but no longer held at year end included interest at rates within the range of 0 - 6.39%.

**9. Creditors: amounts falling due after more than one year**

	30 September 2012 £'000	30 September 2011 £'000
Amounts owed to Group companies	<u>111,992</u>	-

Amounts owed to Group undertakings are unsecured, are interest free and due for repayment on 15 March 2037 to Sovereign Tour Operations Limited, the immediate parent company.

**10. Share capital**

	30 September 2012 £	30 September 2011 £
Issued and fully paid	100	100
100 (2011: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

**11. Profit and loss account**

	£'000
At 1 October 2011	(53,364)
Loss for the financial year	(1,539)
At 30 September 2012	<u>(54,903)</u>

**12. Reconciliation of movements in shareholders' deficit**

	30 September 2012 £'000	30 September 2011 £'000
Opening shareholders' deficit	(53,364)	(52,009)
Loss for the financial year	(1,539)	(1,355)
Closing shareholders' deficit	<u>(54,903)</u>	<u>(53,364)</u>

All shareholders' funds relate to equity interests.

**13 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.

**14 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.tuitravelpkc.com](http://www.tuitravelpkc.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).