

First Choice Overseas Holdings Limited
Directors' report and financial statements
for the year ended 30 September 2013
Company number 2469120

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First Choice Overseas Holdings Limited
Directors' Report for the year ended 30 September 2013

The Directors present their report and the audited financial statements of First Choice Overseas Holdings Limited ("the Company") for the year ended 30 September 2013

Principal activities

The principal activity of the Company is that of an intermediate holding company within the TUI Travel PLC group of companies ("the Group")

Results and dividends

The loss on ordinary activities before taxation for the year ended 30 September 2013 amounted to £181,000 (2012 loss £2,534,000) There were no dividends paid during the year (2012 £nil) The Directors do not recommend the payment of a final dividend The Company received dividends of £24,017,266 (2012 £77,504) during the year (Note 2)

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
J Walter

A L John also served as a director during the year and resigned on 20 January 2014

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 Companies Act 2006 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

Post balance sheet events

Details of post balance sheet events are disclosed in Note 14 of these financial statements

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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

On behalf of the Board



J Walter

Director

Dated 15 May 2014

Company number 2469120

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by First Choice Overseas Holdings Limited, comprise

- the Profit and Loss Account for the year then ended,
- the Balance Sheet as at 30 September 2013, and
- the notes to the financial statements, which include a summary of significant accounting policies

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility

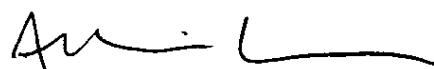
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & 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



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

Uxbridge

20/5/2014

First Choice Overseas Holdings Limited
Profit and loss account for the year ended 30 September 2013

	Note	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Income from shares in Group undertakings	2	24,017	78
Interest receivable and similar income	3	-	1
Amounts written off investments	6	(24,198)	-
Interest payable and similar charges	4	-	(2,613)
Loss on ordinary activities before taxation	2	(181)	(2,534)
Tax credit on loss on ordinary activities	5	45	995
Loss for the financial year	11	(136)	(1,539)

The results stated above are all derived from continuing activities

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

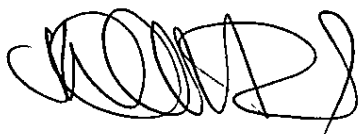
There are no recognised gains and losses other than those included in the profit and loss account

First Choice Overseas Holdings Limited
Balance sheet as at 30 September 2013

	Note	30 September 2013 £'000	30 September 2012 £'000
Fixed assets			
Investments	6	80,497	134,190
		<u>80,497</u>	<u>134,190</u>
Current assets			
Debtors	7	27,993	7,502
		<u>27,993</u>	<u>7,502</u>
Creditors amounts falling due within one year	8	(75,213)	(84,603)
		<u>(75,213)</u>	<u>(84,603)</u>
Net current liabilities		<u>(47,220)</u>	<u>(77,101)</u>
Total assets less current liabilities		33,277	57,089
Creditors amounts falling due after more than one year	9	(88,316)	(111,992)
		<u>(88,316)</u>	<u>(111,992)</u>
Net liabilities		<u>(55,039)</u>	<u>(54,903)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(55,039)	(54,903)
Total shareholders' deficit	12	<u>(55,039)</u>	<u>(54,903)</u>

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

The financial statements were approved by the Board on 15 May 2014 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 financial statements. 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 2013, the Company had net current liabilities and net liabilities. The financial statements 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

Taxation comprises current and deferred tax. Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable in respect of previous periods, using tax rates enacted or substantively enacted at the balance sheet date.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which payment of the dividends becomes a legal obligation of the Company. For final dividends, this will be when they are approved by the Company. For interim dividends, this will be when they have been paid. Dividends receivable are recognised as an asset in the Company's financial statements in the period in which the dividends are received.

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after crediting -

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Income from shares in Group undertakings	<u>24,017</u>	<u>78</u>

Income from shares in Group undertakings represents a dividend of £24,000,000 (2012 £nil) from First Choice Overseas Limited, and a distribution on the dissolution of Taurus Tours AG of £17,266 (2012 £77,504). The investment in Taurus Tours had previously been impaired to nil.

In 2013 and 2012, 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 2013 and 2012.

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 2013 £'000	Year ended 30 September 2012 £'000
Foreign exchange gain	<u>-</u>	<u>1</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 2013 £'000	Year ended 30 September 2012 £'000
Loan interest payable to Group undertakings	<u>-</u>	<u>2,613</u>

Amounts owed to Group undertakings during the prior year but not held at the prior year end included interest at rates within the range of 0 - 6.39%.

5. Tax on loss on ordinary activities	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
(i) Analysis of tax credit in the year		
Current tax		
Amount receivable from fellow subsidiaries for group relief	-	(608)
Adjustment in respect of previous periods	(45)	(387)
Tax credit on loss on ordinary activities	(45)	(995)

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

The current tax credit (2012 credit) for the year is higher than (2012 higher than) the standard rate of corporation tax in the UK of 23.5% (2012 25%). The differences are shown below

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Loss on ordinary activities before tax	(181)	(2,534)
Loss on ordinary activities at the standard rate of UK corporation tax of 23.5% (2012 25%)	(42)	(634)
Effect of		
- Income not taxable	(5,644)	(19)
- Expenses not deductible	5,686	-
- Controlled foreign company apportionment	-	45
- Adjustments in respect of previous periods	(45)	(387)
Current tax credit for the year	(45)	(995)

(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

At the balance sheet date, the Finance Act 2013 had been enacted confirming that the main UK corporation tax rate will reduce to 21% with effect from 1 April 2014 and 20% from 1 April 2015. These reductions may also reduce the Company's future current tax charges accordingly.

First Choice Overseas Holdings Limited
Notes to the financial statements for the year ended 30 September 2013

6. Investments

	Investments in subsidiary undertakings £'000
Cost:	
As at 1 October 2012	173,073
Disposals	(29,495)
As at 30 September 2013	143,578
Provision for diminution in value:	
As at 1 October 2012	(38,883)
Provision in year	(24,198)
As at 30 September 2013	(63,081)
Net book value	
As at 30 September 2013	80,497
As at 30 September 2012	134,190

The disposal in the year related to a capital reduction in TUI Canada Holdings Inc

Following a review of the Company's investments for evidence of impairment indications, provisions were applied to the investments in I Viaggi del Turchese S r l and in First Choice Overseas Limited (Cyprus)

The investment in I Viaggi del Turchese S r l has been impaired down to the value of its estimated future earnings using a discounted cashflow model. The loss of £7,317,843 has been charged to the profit and loss in the year

The investment in First Choice Overseas Limited (Cyprus) has been impaired down to the value of its underlying net assets, and the loss of £16,879,978 has been charged to the profit and loss in the year

The Directors believe that the book value of the investments is supported by either their underlying net assets or the estimated future earnings of the underlying companies

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	100	Guernsey	Insurance
Falcon Leisure Group (Overseas) Limited	100	UK	Tour Operator
I Viaggi del Turchese S r l	100	Italy	Tour Operator
First Choice Overseas Limited	99.99	Cyprus	Non-trading

7. Debtors

	30 September 2013 £'000	30 September 2012 £'000
Group relief receivable	706	661
Amounts owed by Group undertakings	27,287	6,841
	27,993	7,502

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 2013

8. Creditors: amounts falling due within one year

	30 September 2013 £'000	30 September 2012 £'000
Amounts owed to Group undertakings	<u>75,213</u>	<u>84,603</u>
	75,213	84,603

Amounts owed to Group undertakings are unsecured, are interest free and have no fixed date of repayment. Balances owed during the prior year but not held at the prior 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 2013 £'000	30 September 2012 £'000
Amounts owed to Group undertakings	<u>88,316</u>	<u>111,992</u>

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

10. Called up share capital

	30 September 2013 £	30 September 2012 £
Issued and fully paid	<u>100</u>	<u>100</u>
100 (2012: 100) ordinary shares of £1 each		

11. Profit and loss account

	£'000
At 1 October 2012	(54,903)
Loss for the financial year	(136)
At 30 September 2013	<u>(55,039)</u>

12. Reconciliation of movements in shareholders' deficit

	30 September 2013 £'000	30 September 2012 £'000
Opening shareholders' deficit	(54,903)	(53,364)
Loss for the financial year	(136)	(1,539)
Closing shareholders' deficit	<u>(55,039)</u>	<u>(54,903)</u>

All shareholders' deficits 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. Post balance sheet events

On 17 October 2013, the Company received a dividend of £72,843,268 from First Choice Overseas Holding BV, as part of a pre-liquidation process of that company. The dividend was settled by the transfer of ownership of four Irish Group entities, and the settlement of intercompany balances.

On 7 March 2014, the Company received a dividend of £542,552 from Kilquade Limited, one of the Irish entities received in the above transaction.

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 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. 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.