

Specialist Holidays Contracting Limited
Directors' report and financial statements
for the year ended 30 September 2011
Company number 3121123

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Specialist Holidays Contracting Limited
Report of the Directors for the year ended 30 September 2011

The Directors submit their report and the audited financial statements of Specialist Holidays Contracting Limited ("the Company") for the year ended 30 September 2011

Principal activity

The Company charges TUI UK Limited for the use of its freehold property. TUI UK Limited is also responsible for other related upkeep costs.

Results and dividends

The profit on ordinary activities before taxation for the year ended 30 September 2011 amounted to £69,000 (2010 £42,000). There were no dividends paid during the year (2010 £nil). The Directors do not recommend the payment of a final dividend.

Business review

The Company is exempt by virtue of its size, it being a small company, 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. Please also refer to note 1.

Directors

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

R C Bainbridge (appointed 7 March 2012)
J Walter

Other directors who served during the year

M Haddon (appointed 27 March 2012 and resigned 14 August 2012)
P Tymms (resigned 30 March 2012)

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

The intermediate parent company, TUI Travel PLC, maintains 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.

Specialist Holidays Contracting Limited
Report of the Directors for the year ended 30 September 2011

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 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,
- 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



R C Bainbridge
Director

Company Number 3121123

Dated 26 September 2012

Specialist Holidays Contracting Limited

Report of the independent auditors to the members of Specialist Holidays Contracting Limited

We have audited the financial statements of Specialist Holidays Contracting 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 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, or
- the Directors' were not entitled to take advantage of the small companies exemption in preparing the Directors' report.

Rosemary Shapland

Rosemary Shapland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Dated

26 September 2012

Specialist Holidays Contracting 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
Turnover		76	76
Gross profit		<u>76</u>	<u>76</u>
Other operating expenses		(7)	(34)
Operating profit		<u>69</u>	<u>42</u>
Profit on ordinary activities before taxation		69	42
Tax on profit on ordinary activities	4	<u>(9)</u>	<u>(17)</u>
Profit for the financial year	10	<u><u>60</u></u>	<u><u>25</u></u>

The results stated above are all derived from continuing operations

A note on historical cost profits and losses 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 or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

Specialist Holidays Contracting Limited
Balance sheet at 30 September 2011

	Note	30 September 2011 £'000	30 September 2010 £'000
Fixed assets			
Tangible assets	5	<u>800</u>	<u>774</u>
		800	774
Current assets			
Debtors	6	<u>1,214</u>	<u>1,229</u>
		1,214	1,229
Creditors amounts falling due within one year	7	<u>(77)</u>	<u>(124)</u>
Net current assets		<u>1,137</u>	<u>1,105</u>
Total assets less current liabilities		<u>1,937</u>	<u>1,879</u>
Provisions for liabilities and charges	8	<u>(36)</u>	<u>(38)</u>
Net assets		<u>1,901</u>	<u>1,841</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	<u>1,899</u>	<u>1,839</u>
Equity shareholders' funds	11	<u>1,901</u>	<u>1,841</u>

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

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



R C Bainbridge
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

Basis of preparation

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

Cash Flow

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 recorded net current assets and net assets. However, a significant amount of assets consist of amounts receivable from group undertakings

The financial statements have been prepared on the going concern basis on the basis that the intermediate parent company, TUI Travel Plc, has confirmed its intention to provide such financial support to the company as may be required in order that it can continue to trade and meet its liabilities as they fall due for the next 12 months

Tangible fixed assets

Tangible Assets are recorded at cost and, other than land, are depreciated on a straight line basis to their residual value over their estimated useful lives

Freehold properties	up to a maximum of 40 years
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The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement

Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contractual rate if applicable and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates

Turnover

Turnover attributable to the principal activity of the Company, arises wholly in France where the property owned by the Company is located, and is stated net of Value Added Tax and discounts

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow of economic benefits can be reliably established. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability

1. Accounting policies (continued)**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.

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. Therefore, at 30 September 2011, deferred tax assets and liabilities have been calculated based on a rate of 25% (which was substantively enacted on 5 July 2011), where the timing difference is expected to reverse after 1 April 2012.

No account will be taken of the further reductions in the main UK corporation tax rate but it is estimated that this will not have a material effect on the Company.

2. Profit on ordinary activities before taxation

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

	Year ended 30 September 2011 £'000	Year ended 30 September 2010 £'000
Depreciation on fixed assets - owned	<u>(26)</u>	<u>26</u>

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

In both the current and the prior year, the company did not employ any staff.

3 Directors' remuneration

In both the current and prior year, the Directors received no remuneration for their services to the Company.

4. Tax on profit 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 payable to fellow subsidiaries for group relief	10	17
Adjustment in respect of previous years	(2)	(1)
	8	16
Foreign tax suffered	3	3
Total current tax	11	19
Deferred tax		
Origination and reversal of timing differences		
- current year	1	(1)
- effect of reduction in UK Corporation tax rate	(3)	(1)
Total deferred tax (Note 8)	(2)	(2)
Tax charge on profit on ordinary activities	9	17

(ii) Factors affecting the current tax charge for year

The current tax charge for the year is lower than (2010 higher) 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	69	42
Profit on ordinary activities at the standard rate of UK corporation tax of 27% (2010 28%)	19	12
Effect of		
- (Income not taxable) / Amounts not deductible for tax purposes	(6)	7
- Depreciation for year in excess of capital allowances	(1)	1
- Adjustment in respect of previous years	(2)	(1)
- Higher tax rate on overseas earnings	1	-
Current tax charge for the year	11	19

(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.

Specialist Holidays Contracting Limited
Notes to the financial statements for the year ended 30 September 2011

5. Tangible fixed assets

	Freehold Properties £'000
Cost	
At 1 October 2010 and 30 September 2011	1,389
Depreciation	
At 1 October 2010	615
Charge for year	(26)
At 30 September 2011	589
Net book value	
At 30 September 2011	800
At 30 September 2010	774
Freehold properties include land cost of £117,910 which is not depreciated	

During the year an error was discovered that resulted in land having been depreciated. This has now been corrected.

6. Debtors

	30 September 2011 £'000	30 September 2010 £'000
Amounts owed by group undertakings	1,214	1,229
	1,214	1,229

Amounts owed by group undertakings bear no interest are unsecured and are receivable on demand.

7. Creditors: amounts falling due within one year

	30 September 2011 £'000	30 September 2010 £'000
Amounts owed to group undertaking	26	82
Accruals	3	3
Overseas corporation tax	-	3
Group relief payable	48	39
	77	124

Amounts owed to group undertakings bear no interest are unsecured and are repayable on demand.

8. Provisions for liabilities and charges

	Deferred tax £'000
At 1 October 2010	38
Credited to the profit and loss account	(2)
At 30 September 2011	36

8. Provisions for liabilities and charges (continued)

The net deferred tax provision as at 30 September is as follows

	30 September 2011 £'000	30 September 2010 £'000
Accelerated capital allowances	<u>36</u>	<u>38</u>

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities at either 30 September 2011 or 30 September 2010

9. Share capital

	30 September 2011 £'000	30 September 2010 £'000
Issued and fully paid 2,000 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. Profit and loss account

	£'000
1 October 2010	1,839
Profit for the financial year	60
At 30 September 2011	<u>1,899</u>

11. Equity shareholders' funds

	£'000
Opening shareholders' funds	1,841
Profit for the financial year	60
Closing shareholders' funds	<u>1,901</u>

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 Specialist Holidays 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 or from the website 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.