

Specialist Holidays Group Limited
Directors' report and financial statements
for the year ended 30 September 2014
Company number 3343095

WEDNESDAY



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Specialist Holidays Group Limited
Report of the Directors for the year ended 30 September 2014

The Directors present their report and the audited financial statements of Specialist Holidays Group Limited ("the Company") for the year ended 30 September 2014.

Principal activity

The Company is an intermediate holding company in the TUI Travel PLC group of companies ("the Group"). It did not trade in either the current or prior year and does not expect to trade in the future.

On 11 December 2014 the merger of TUI Travel PLC, the Company's intermediate parent company, and TUI AG, the Company's ultimate parent company, became effective in accordance with the terms of a scheme of arrangement made under Part 26 of the Companies Act 2006 and TUI Travel PLC is now wholly-owned by TUI AG.

On 19 January 2015, following the re-registration of TUI Travel PLC as a private limited company, TUI Travel PLC changed its name to TUI Travel Limited. References to TUI Travel PLC within this Directors' Report and the financial statements are therefore synonymous with TUI Travel Limited with effect from this date.

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2014 was £16,970,000 (2013: loss £502), which includes dividends received of £17,534,339 (Note 3). No dividends were paid during the year (2013: £nil) and the Directors do not recommend the payment of a final dividend (2013: £nil).

Funding, liquidity and going concern

The Directors have considered the funding and liquidity position of the Company and of its ultimate parent company TUI AG. 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:

C Gardner (appointed 30 October 2014)
J Walter

Other Directors who served during the year were:

C J Parselle (resigned 31 October 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 until 11 December 2014, the intermediate parent company, TUI Travel PLC, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. From 12 December 2014 until the date of approval of these financial statements, the ultimate parent company, TUI AG, maintained these insurance policies. 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.

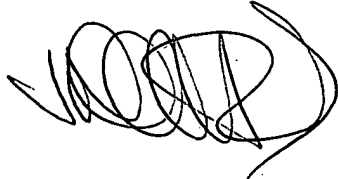
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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

Company Number 3343095

Dated: 20 January 2015

Report on the financial statements

Our opinion

In our opinion, Specialist Holidays Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 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.

What we have audited

Specialist Holidays Group Limited's financial statements comprise:

- the Balance Sheet as at 30 September 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 have not been 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 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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

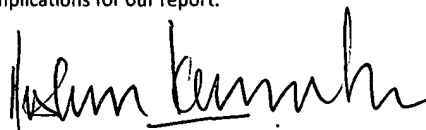
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report of the Directors 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.



Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

20 January 2015

Specialist Holidays Group Limited
Profit and loss account for the year ended 30 September 2014

		Year ended 30 September 2014 £	Year ended 30 September 2013 £
	Note		
Administrative expenses		-	(502)
Operating result / (loss)		-	(502)
Income from shares in Group undertakings	3	17,534,339	-
Amounts written off investments	5	(564,339)	-
Profit / (loss) on ordinary activities before taxation	2	16,970,000	(502)
Tax on profit / (loss) on ordinary activities	4	-	-
Profit / (loss) for the financial year	9	16,970,000	(502)

The results stated above are all derived from continuing operations.

There are no material differences between the profit (2013: loss) on ordinary activities before taxation and the profit (2013: loss) for the financial year stated above and their historical cost equivalents.

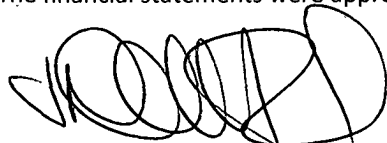
There are no recognised gains and losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

Specialist Holidays Group Limited
Balance sheet as at 30 September 2014

		30 September 2014	30 September 2013
	Note	£	£
Fixed assets			
Investments	5	11,933,626	12,497,965
Current assets			
Debtors: amounts falling due within one year	6	23,733,404	6,763,403
Creditors: amounts falling due within one year	7	(10,051,890)	(10,616,228)
Net current assets / (liabilities)		13,681,514	(3,852,825)
Total assets less current liabilities		25,615,140	8,645,140
Capital and reserves			
Called-up share capital	8	-	-
Profit and loss account	9	25,615,140	8,645,140
Total shareholders' funds	10	25,615,140	8,645,140

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

The financial statements were approved by the Board on 20 January 2015 and signed on their behalf by:



J Walter
Director

1. Accounting policies

The following accounting policies have been consistently applied 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 on the going concern basis and 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 consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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.

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.

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.

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.

Investments

Investments are stated at cost less provision for impairment.

Impairment of fixed assets

The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset, or its income generating unit, may not be recoverable. If such an indication exists the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

1. Accounting policies (continued)**Key accounting estimates and judgements**

The preparation of the financial statements requires the Directors to make estimates and judgements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amount of revenue and expenses during the year. The Directors evaluate the estimates and judgements on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors it believes to be reasonable under the circumstances. Actual results may differ from estimates.

Key estimates and judgements have been made in respect of the following:

Investments in subsidiary undertakings

Judgement is required in the assessment of the carrying amount of the investments in the Company's subsidiary undertakings. Estimation of the recoverable amount of investments requires the Company to assess future cash flows projected to be generated by the subsidiaries, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the subsidiaries' products.

2. Profit / (loss) on ordinary activities before taxation

The Company had no employees in either the current or prior year.

The Directors received no remuneration for their services to the Company during the year (2013: £nil). The Directors are also directors of a number of other Group companies and it is not possible to make an accurate apportionment of their remuneration in respect of each of the Group companies of which they are a director.

In 2013 and 2014 the auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

3. Income from shares in Group undertakings

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Interim dividends received from Group undertakings as follows:		
- Specialist Holidays Group Ireland Limited	16,552,000	-
- Jetsave International Limited	133,983	-
- American Holidays (NI) Limited	430,356	-
- Something Special Holidays Limited	418,000	-
	<u>17,534,339</u>	<u>-</u>

4. Tax on profit / (loss) on ordinary activities**(i) Analysis of tax charge in the year**

There was no tax charge in the current or prior year.

4. Tax on profit / (loss) on ordinary activities (continued)**(ii) Factors affecting the current tax charge for the year**

The current tax charge for the year is different to (2013: different to) the standard rate of corporation tax in the UK of 22.0% (2013: 23.5%). The differences are shown below:

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Profit / (loss) on ordinary activities before tax	<u>16,970,000</u>	<u>(502)</u>
Profit / (loss) on ordinary activities at the standard rate of UK corporation tax of 22.0% (2013: 23.5%)	<u>3,733,400</u>	<u>(118)</u>
Effects of:		
- Expenses not deductible for tax purposes	124,155	118
- Income not taxable	<u>(3,857,555)</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</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. At the balance sheet date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 20% with effect from 1 April 2015. This reduction may reduce the Company's future current tax charges accordingly. There are no unprovided deferred tax liabilities nor unrecognised deferred tax assets at either 30 September 2014 or 30 September 2013.

5. Investments

	£
Cost:	
At 1 October 2013 and 30 September 2014	<u>18,043,623</u>
Provisions for impairments:	
At 1 October 2013	(5,545,658)
Charge in year	(564,339)
At 30 September 2014	<u>(6,109,997)</u>
Net book value at 30 September 2014	<u>11,933,626</u>
Net book value at 30 September 2013	<u>12,497,965</u>

During the year, the Company received interim dividends (Note 3) from American Holidays (NI) Limited and Jetsave International Limited, both non-trading wholly-owned subsidiaries, which reduced the book value of their respective net assets to £1 each. Accordingly, the Company impaired the carrying amount of its investments in these subsidiaries resulting in an impairment charge of £564,339.

5. Investments (continued)

The following companies are the principal subsidiary undertakings of the Company.

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Crystal Holidays Limited	100	UK	Non-trading
Specialist Holiday Group Ireland Limited	100	Republic of Ireland	Tour operator
Tropical Places Limited	100	UK	Non-trading

The Directors believe that the carrying amount of the investments is supported by their underlying net assets.

6. Debtors: amounts falling due within one year

	30 September 2014 £	30 September 2013 £
Amount owed by Group undertakings	<u>23,733,404</u>	<u>6,763,403</u>

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

7. Creditors: amounts falling due within one year

	30 September 2014 £	30 September 2013 £
Amounts owed to Group undertakings	<u>(10,051,890)</u>	<u>(10,616,228)</u>

Amounts owed to Group undertakings are unsecured, interest-free and repayable on demand.

8. Called-up share capital

	30 September 2014 £	30 September 2013 £
Issued and fully paid		
1 (2013: 1) ordinary share of £0.01	<u>-</u>	<u>-</u>

9. Reserves

	Profit and loss Account £
At 1 October 2013	8,645,140
Profit for the financial year	<u>16,970,000</u>
At 30 September 2014	<u>25,615,140</u>

10. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
At 1 October	8,645,140	8,645,642
Profit / (loss) for the financial year	<u>16,970,000</u>	<u>(502)</u>
At 30 September	<u>25,615,140</u>	<u>8,645,140</u>

11. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" 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.

12. 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 holding company is Thomson Travel Group (Holdings) 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.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.