

Student City Travel Limited
Directors' report and financial statements
for the year ended 30 September 2014
Company number 3662315

WEDNESDAY



A43XMMQO

A13

25/03/2015

#373

COMPANIES HOUSE

Student City Travel Limited
Directors' report for the year ended 30 September 2014

The Directors submit their report and the audited financial statements of Student City Travel Limited ("the Company") for the year ended 30 September 2014.

Principal activity

The principal activity during the year was that of a ski and sports tour operator.

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 loss on ordinary activities before taxation for the year ended 30 September 2014 amounted to £2,549,623 (2013: £412,824). There were no dividends paid during the year (2013: £nil). The Directors do not recommend the payment of a final dividend.

Funding and liquidity

The Directors have considered the funding and liquidity position of the Company. 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:

M Froggatt
R W Isaacs (appointed 5 February 2014)
C Lion-Cachet (appointed 5 February 2014)
S M Seward

R L Osman also served during the year and resigned on 1 April 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 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.

Student City Travel Limited
Directors' report for the year ended 30 September 2014

Statement of Directors' responsibilities

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

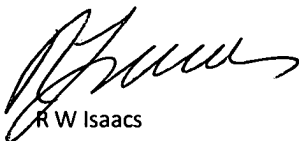
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company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



R W Isaacs
Director

Company Number 3662315

Dated: 17 March 2015

Student City Travel Limited

Independent Auditors' Report to the members of Student City Travel Limited

Our opinion

In our opinion Student City Travel 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 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.

What we have audited

Student City Travel 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 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.

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 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.

Rosemary Shapland

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

18 March 2015

Student City Travel Limited
Profit and loss account for the year ended 30 September 2014

	Note	Year ended 30 September 2014 £	Year ended 30 September 2013 (restated) £
Turnover	2	7,936,572	9,131,227
Cost of sales		<u>(6,687,504)</u>	<u>(7,675,680)</u>
Gross profit		1,249,068	1,455,547
Administrative expenses – non exceptional		(1,620,065)	(1,822,346)
Administrative expenses – exceptional	9	(2,174,069)	-
Administrative expenses – total		<u>(3,794,134)</u>	<u>(1,822,346)</u>
Operating loss		(2,545,066)	(366,799)
Income from shares in Group undertakings	5	-	2,795,880
Interest receivable and similar income	6	5,074	7,812
Amounts written off investments	11	-	(2,795,881)
Interest payable and similar charges	7	<u>(9,631)</u>	<u>(53,836)</u>
Loss on ordinary activities before taxation	3	(2,549,623)	(412,824)
Tax on loss on ordinary activities	8	<u>(14,847)</u>	<u>(12,351)</u>
Loss for the financial year	16	<u>(2,564,470)</u>	<u>(425,175)</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.

Student City Travel Limited
Balance sheet at 30 September 2014

	Note	30 September 2014 £	30 September 2013 £
Fixed assets			
Intangible assets	9	1,095,376	3,711,473
Tangible assets	10	110,260	109,533
		1,205,636	3,821,006
Current assets			
Debtors	12	271,934	415,680
Cash at bank and in hand		442,201	427,421
		714,135	843,101
Creditors: amounts falling due within one year	13	(1,301,290)	(1,481,156)
Net current liabilities		(587,155)	(638,055)
Net assets		618,481	3,182,951
Capital and reserves			
Called up share capital	15	3,200,002	3,200,002
Profit and loss account	16	(2,581,521)	(17,051)
Total shareholder's funds	17	618,481	3,182,951

The notes on pages 6 to 13 form part of these financial statements.

The financial statements were approved by the Board on 17 March 2015 and signed on their behalf by:



R W Isaacs
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 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.

Restatement

In the year ended 30 September 2013, the management charge to TTSS Transportation Limited of £420,351 in respect of the Tour Operators Margin Scheme was included within other operating income, with a corresponding charge within cost of sales. Following a review of the presentation of these balances, these two figures are now presented on a net basis, such that cost of sales is lower and gross profit higher, by £420,351 for that year, compared to that disclosed in the financial statements for the year ended 30 September 2013. There is no impact on the loss on ordinary activities before or after tax for that year.

Going concern

At 30 September 2014, the Company had net current liabilities. The financial statements are prepared on the going concern basis as the ultimate parent company, TUI AG, 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. This support will continue for a period of at least 12 months from the date of approval of these financial statements.

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.

Turnover

Turnover represents the total amount invoiced by the Company in respect of services provided in the ordinary course of business and arises primarily in the United Kingdom. Turnover is stated net of discounts. Turnover is recognised on the date of departure and the related costs of holidays and flights are charged to the profit and loss account on the same basis.

Marketing and other direct sales costs

Marketing, advertising and other promotional costs, are expensed as expenditure is incurred.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost, less accumulated depreciation and provision for impairment.

Depreciation is calculated on a straight-line basis to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The useful lives are as follows:

Office equipment	15% reducing balance or 20% - 33% straight-line
Fixtures and fittings	10% of cost per annum
Website software	25% straight-line

Pensions

The Company participates in the TUI Travel PLC Group Defined Contribution Pension Scheme. Pension liabilities are charged to the profit and loss account as they fall due. Further details of the TUI Travel PLC Group Defined Contribution Pension Scheme can be found in the financial statements of TUI Travel PLC.

Client money received in advance

Client money received at the balance sheet date relating to holidays commencing and flights departing after the year end is included in creditors.

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign 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. Any exchange differences arising are taken to the profit and loss account.

Interest income and expenses

Interest income comprises interest on funds invested in a bank or with other companies in the TUI Travel PLC group of companies ("the Group"). Interest income is recognised as it accrues in the profit and loss account, using the effective interest rate method. Interest expenses comprise interest on borrowings. All borrowing costs are recognised in the profit and loss account using the effective interest rate method.

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 relevant to the financial year.

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.

2. Segmental analysis

The Company has one class of business, namely acting as a tour operator.
 Turnover analysed by geographical location (source market):

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
United Kingdom	7,617,500	9,000,779
Rest of the Europe outside UK	319,072	130,448
	<u>7,936,572</u>	<u>9,131,227</u>

3. Loss on ordinary activities before taxation

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

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Depreciation and other amounts written off tangible fixed assets	30,385	33,415
Impairment of goodwill	2,174,069	-
Amortisation of goodwill	442,028	442,028
Exchange loss/(gain)	<u>52,006</u>	<u>(10,413)</u>

3. Loss on ordinary activities before taxation (continued)

In 2013 and 2014 the auditors' remuneration was paid another Group company. The allocated audit fee relating to the Company for 2014 and 2013 is as follows:

	Year ended 30 September 2014	Year ended 30 September 2013
	£	£
Fees for the audit of the Company	17,000	15,000

4. Employees' and Directors' remuneration

(i) The average monthly number of employees, including Directors, during the year was as follows:

	Year ended 30 September 2014	Year ended 30 September 2013
	Number	Number
Selling and administration	17	20

(ii) The aggregate payroll costs for those employees borne by this entity were as follows:

	Year ended 30 September 2014	Year ended 30 September 2013
	£	£
Wages and salaries	569,462	627,654
Social security costs	56,037	55,617
Other pension costs	24,378	15,488
	649,877	698,759

The details of Directors' remuneration are as follows:

	Year ended 30 September 2014	Year ended 30 September 2013
	£	£
Directors' remuneration	29,573	52,464
Pension contributions	2,494	4,587
	32,067	57,051

The remuneration of four Directors was borne by other Group companies, which make no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company (2013: £nil).

Student City Travel Limited
Notes to the financial statements for the year ended 30 September 2014

5.	Income from shares in Group undertakings	Year ended 30 September 2014	Year ended 30 September 2013
		£	£
	Ordinary interim dividends received	-	2,795,880
During 2014 the Company did not receive any dividends (2013: £2,795,880 received from Student Skiing Limited, a wholly-owned subsidiary of the Company).			
6.	Interest receivable and similar income	Year ended 30 September 2014	Year ended 30 September 2013
		£	£
	Bank interest received	5,074	7,812
7.	Interest payable	Year ended 30 September 2014	Year ended 30 September 2013
		£	£
	Payable to Group companies	9,238	53,836
	Bank interest payable	393	-
		9,631	53,836
8.	Tax on loss on ordinary activities	Year ended 30 September 2014	Year ended 30 September 2013
		£	£
	(i) Analysis of tax charge in the year		
	Current tax:		
	Amount payable to fellow subsidiaries for group relief	14,634	16,665
	Adjustment in respect of previous periods	(9,416)	(21)
	Total current tax	5,218	16,644
	Deferred tax:		
	Origination and reversal of timing differences		
	- current year	1,776	(7,853)
	- effect of reduction in UK corporation tax rate	(161)	3,560
	- adjustment in respect of previous periods	8,014	-
	Total deferred tax (Note 14)	9,629	(4,293)
	Tax charge on loss on ordinary activities	14,847	12,351

8. Tax on loss on ordinary activities (continued)

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

The current tax charge (2013: charge) for the year is different to (2013: different to) the standard rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are shown below:

	Year ended 30 September 2014	Year ended 30 September 2013
	£	£
Loss on ordinary activities before tax	(2,549,623)	(412,824)
Loss on ordinary activities at the standard rate of UK corporation tax of 22% (2013: 23.5%)	(560,917)	(97,014)
Effect of:		
- Amounts not deductible for tax purposes	577,327	762,858
- Income not taxable	-	(657,032)
- Fixed asset timing differences	(1,776)	7,853
- Adjustment in respect of previous periods	(9,416)	(21)
Current tax charge for the year	5,218	16,644

(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 20% with effect from 1 April 2015. Therefore, at 30 September 2014, deferred tax assets and liabilities have been calculated based on a rate of 20% where the temporary difference is expected to reverse after 1 April 2015. This reduction may also reduce the Company's future current tax charges accordingly.

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2013 and 30 September 2014	4,420,276
Accumulated Amortisation	
At 1 October 2013	708,803
Impairment charge	2,174,069
Amortisation charge	442,028
At 30 September 2014	3,324,900
Net book value	
At 30 September 2014	1,095,376
At 30 September 2013	3,711,473

9. Intangible fixed assets (continued)

Goodwill of £2,174,069, which represented the carrying value of goodwill relating to the "Off The Piste" business, has been fully impaired in the year following a review by the Directors into the current viability and future profitability of this business. The remaining goodwill relates to the "I Love Tour" brand, which is being amortised over 10 years.

10. Tangible fixed assets	Website software £	Office equipment £	Fixtures and fittings £	Total £
Cost:				
At 1 October 2013	123,052	36,296	16,172	175,520
Additions	30,433	1,167	-	31,600
Disposals	-	(666)	(13,155)	(13,821)
At 30 September 2014	153,485	36,797	3,017	193,299
Accumulated depreciation:				
At 1 October 2013	31,638	20,020	14,329	65,987
Charge for year	22,342	6,870	1,173	30,385
Disposals	-	(178)	(13,155)	(13,333)
At 30 September 2014	53,980	26,712	2,347	83,039
Net book value:				
At 30 September 2014	99,505	10,085	670	110,260
At 30 September 2013	91,414	16,276	1,843	109,533

11. Investments

Investments
in subsidiary
undertakings
£

Cost and net book value:

At 1 October 2013 and 30 September 2014

-

Investment in principal subsidiary undertaking

The following company is a subsidiary undertaking of the Company:

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Student Skiing Limited	100	UK	Dormant

The investment in Student Skiing Limited of £2,795,881 was fully impaired in the prior year.

Student City Travel Limited
Notes to the financial statements for the year ended 30 September 2014

12. Debtors	30 September 2014 £	30 September 2013 £
Trade debtors	19,724	11,315
Amounts owed by Group undertakings	90,861	-
Other debtors	12,965	9,353
Other taxation and social security	47,023	34,831
Deferred tax asset (Note 14)	12,988	22,617
Prepayments	88,373	337,564
	271,934	415,680

Amounts owed from Group undertakings are unsecured, bear no interest and are payable on demand.

13. Creditors: amounts falling due within one year	30 September 2014 £	30 September 2013 £
Trade creditors	14,415	201,022
Amounts owed to Group undertakings	950,539	713,730
Other taxation and social security	91,591	83,678
Group relief payable	5,612	212,018
Accruals and deferred income	239,133	270,708
	1,301,290	1,481,156

Amounts owed to Group undertakings includes an unsecured loan of £550,168 which bears interest at a rate of 5% + LIBOR and was repaid in full on 29 December 2014. The remaining amounts owed to Group undertakings are unsecured, bear no interest and are repayable on demand.

14. Deferred tax

The movement in deferred taxation during the year was:

	£
At 1 October 2013	22,617
Charged to profit and loss account in the year (Note 8)	(9,629)
At 30 September 2014	12,988

	30 September 2014 £	30 September 2013 £
The elements of deferred taxation are as follows:		
Fixed asset timing differences	12,988	22,617

There are no other unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2014 or 30 September 2013.

15. Called up share capital	30 September 2014 £	30 September 2013 £
Issued and fully paid		
3,200,002 (2013: 3,200,002) ordinary shares of £1 each	3,200,002	3,200,002

Student City Travel Limited
Notes to the financial statements for the year ended 30 September 2014

16. Profit and loss account

	£
1 October 2013	(17,051)
Loss for the financial year	(2,564,470)
At 30 September 2014	(2,581,521)

17. Reconciliation of movements in shareholder's funds

	30 September 2014 £	30 September 2013 £
Issue of ordinary shares	-	3,200,000
Loss for the financial year	(2,564,470)	(425,175)
Net (reduction)/increase in shareholders' funds	(2,564,470)	2,774,825
Opening shareholder's funds	3,182,951	408,126
Closing shareholder's funds	618,481	3,182,951

18. 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.

19. 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 and controlling party. The intermediate holding company is TUI Travel PLC. The immediate parent company is TUI Travel SAS 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 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.