

Hotels London Limited

**Directors' report and financial
statements
for the year ended 30 September 2009**

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Company number 3734526

Hotels London Limited

Directors' report for the year ended 30 September 2009

The Directors submit their report and the audited financial statements of Hotels London Limited ('the Company') for the year ended 30 September 2009. The comparative period is for the 6-month period ended 30 September 2008.

On 1 September 2008, 100% of the entire issued share capital of the Company was purchased by Late Rooms Limited, a Company registered in England and Wales. From this date Late Rooms Limited became the immediate parent Company.

Principal activity

The principal activity of the Company in the period under review was the provision of advertising and online reservations for hotels, web design and marketing.

Business review

The Company is exempt, by virtue of its size, from the requirement to include an enhanced business review.

Results and dividends

The profit on ordinary activities before taxation for the year ended 30 September 2009 amounted to £227,675 (2008: £142,721).

There were no dividends paid during the year (2008: £57,000). The Directors do not recommend the payment of a final dividend.

Directors

The Directors at the date of this report are:

J Villa Bosch
A L John
C P Morris
J Pogson

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 a going concern basis.

Policy and practice on payment of suppliers

It is the Company's policy wherever possible to agree terms of payment with suppliers in advance to ensure that they are made aware of the terms of payment and both parties abide by those terms.

Directors' insurance

The intermediate parent Company TUI Travel PLC maintains Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company for all wrongful acts.

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.

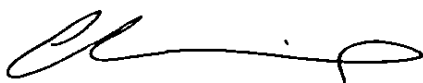
Hotels London Limited

Directors' Report for the year ended 30 September 2009 *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board

A handwritten signature in black ink, appearing to be 'C P Morris', with a long horizontal flourish extending to the right.

C P Morris
Director

Dated 21 June 2010

Company number 3734526

Hotels London Limited

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements for the year ended 30 September 2009

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

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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the independent auditor to the members of Hotels London Limited

Company number 3734526

We have audited the financial statements of Hotels London Limited for the year ended 30 September 2009 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

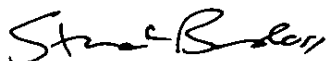
Opinion on other matter prescribed by the Companies Act 2006

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.



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
St James' Square,
Manchester,
M2 6DS
United Kingdom

Dated 21 June 2010

Hotels London Limited

Profit and loss account for the year ended 30 September 2009

	<i>Note</i>	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Turnover	2	648,093	335,610
Cost of sales		(101,506)	(131,943)
Gross profit		546,587	203,667
Administrative expenses		(317,131)	(60,909)
Other operating income		-	2,948
Operating profit	3-4	229,456	145,706
Interest receivable and similar income		125	99
Interest payable and similar charges	6	(1,906)	(3,084)
Profit on ordinary activities before taxation		227,675	142,721
Tax on profit on ordinary activities	7	(63,498)	(38,254)
Profit on ordinary activities after taxation and for the financial year/period	13	164,177	104,467

The Company has no recognised gains and losses other than those stated above and therefore no statement of total recognised gains and losses has been presented

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 historic cost basis

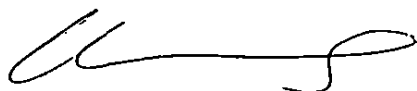
The results stated above are all derived from continuing operations

Hotels London Limited

Balance sheet at 30 September 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Tangible assets	9	4,267	33,281
Current assets			
Debtors	10	100,270	113,595
Cash at bank and in hand		316,060	102,846
		<u>416,330</u>	<u>216,441</u>
Creditors: amounts falling due within one year	11	(186,236)	(179,538)
Net current assets		<u>230,094</u>	<u>36,903</u>
Net assets		<u>234,361</u>	<u>70,184</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	234,261	70,084
Equity shareholders' funds		<u>234,361</u>	<u>70,184</u>

These financial statements were approved by the Board of Directors on 21 June 2010 and were signed on its behalf by



C P Morris
Director

Hotels London Limited

Reconciliation of movements in shareholder's funds for the year ended 30 September 2009

	<i>Note</i>	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Profit for the financial year/period		164,177	104 467
Dividend on shares classified in shareholder's funds	8	-	(57,000)
Net addition to shareholder's funds		164,177	47 467
Opening shareholder's funds		70,184	22 717
Closing shareholder's funds		234,361	70 184

Notes forming part of the financial statements for the year ended 30 September 2009

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention

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

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 (from 1 September 2009). Therefore the Company has not disclosed related party transactions or balances with wholly-owned entities that form part of the group headed by TUI Travel PLC

Going concern

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 a going concern basis

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Fixtures and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance
Computer equipment	50% on cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Taxation

UK Corporation tax is provided on amounts expected to be paid (or recovered) using the 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 tax 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 different from their inclusion in the financial statements

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Hotels London Limited

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

1 Accounting policies (*continued*)

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Revenue is recognised on the date of the customer's hotel stay.

2 Segmental reporting

The Company has one class of business, namely the provision of advertising and online reservations for hotels, web design and marketing. All turnover originates within the UK.

3 Notes to the profit and loss account

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
<i>Profit on ordinary activities before taxation is stated after charging/ (crediting):</i>		
Depreciation – owned assets	10,275	3,569
Depreciation – assets on hire purchase contracts	416	2,855
Foreign exchange differences	(62)	474

Auditors' remuneration

The audit fee was borne by a fellow group undertaking. The audit fee relating to the Company is as follows:

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Amounts receivable by the auditors and their associates in respect of the audit of these financial statements	4,000	4,000

Fees paid to the Company's Auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated financial statements of the Company's intermediate parent Company, TUI Travel PLC.

4 Remuneration of Directors

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Directors' remuneration	75,425	5,060

Notes forming part of the financial statements for the year ended 30 September 2009 *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows

	Year ended 30 September 2009 Number	6-month period ended 30 September 2008 Number
Administration, sales and marketing	5	6
Directors	1	2
	<u>6</u>	<u>8</u>

The aggregate payroll costs of these persons was as follows

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Wages and salaries	222,710	108,982
Social security	16,146	8,364
	<u>238,856</u>	<u>117,346</u>

6 Interest payable and similar expenses

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
On bank loans and overdrafts	1,639	1,455
Finance charges in respect of finance leases and hire purchase contracts	267	1,082
Net exchange loss	-	474
Other interest	-	72
	<u>1,906</u>	<u>3,083</u>

Hotels London Limited

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

7 Taxation

(i) Analysis of tax charge for the year/period

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
<i>Current tax</i>		
Amounts payable to fellow subsidiaries for group relief	70,160	6,893
UK corporation tax	-	35,149
Adjustments in respect of prior periods	(1,578)	-
Total current tax	68,582	42,042
<i>Deferred tax</i>		
Origination and reversal of timing differences		
- current year/period	(6,398)	(1,799)
- adjustments in respect of prior periods	1,314	(1,989)
Total deferred tax (Note 12)	(5,084)	(3,788)
Tax charge on profit on ordinary activities	63,498	38,254

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

The current tax charge for the year/period is higher (2008 higher) than the standard rate of corporation tax in the UK (28%, 2008 29%). The differences are explained below

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Profit on ordinary activities before tax	227,675	142,721
Profit on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	63,749	39,962
<i>Effects of</i>		
Amounts not deductible for tax purposes	13	281
Depreciation for the year in excess of capital allowances	2,058	1,799
Other short term timing differences	4,340	-
Adjustments in respect of prior periods	(1,578)	-
Current tax charge for the year/period	68,582	42,042

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporation tax of 28% in future periods

Hotels London Limited

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

8 Dividends

The aggregate amount of dividends comprises

	Year ended 30 September 2009 £	6-month period ended 30 September 2008 £
Interim dividends paid in respect of the current year/period	-	57,000

9 Tangible fixed assets

	Fixtures & fittings £	Motor Vehicles £	Computer equipment £	Total £
Cost				
At beginning of period	36,585	40,604	43,549	120,738
Additions	3,270	-	1,300	4,570
Disposals	(36,585)	(40,604)	-	(77,189)
At end of period	3,270	-	44,849	48,119
Depreciation				
At beginning of period	25,119	20,619	41,719	87,457
Charged for period	8,505	416	1,770	10,691
Disposals	(33,261)	(21,035)	-	(54,296)
At end of period	363	-	43,489	43,852
Net book value				
At 30 September 2009	2,907	-	1,360	4,267
At 30 September 2008	11,466	19,985	1,830	33,281

10 Debtors

	30 September 2009 £	30 September 2008 £
Trade debtors	44,387	104,790
Amounts owed from Group Companies	43,179	-
Prepayments	3,832	5,017
Deferred tax asset (see Note 12)	8,872	3,788
	100,270	113,595

Hotels London Limited

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

11 Creditors: amounts falling due within one year

	30 September 2009 £	30 September 2008 £
Bank loans and overdrafts	-	30 247
Trade creditors	2,032	11 523
Corporation tax	33,831	70,118
Other tax and social security	34,967	44 892
Other creditors	-	5 772
Accruals	38,613	10 093
Group relief payable	76,793	6 893
	<u>186,236</u>	<u>179 538</u>

12 Deferred tax

Deferred tax asset

	30 September 2009 £	30 September 2008 £
At start of year/period	3,788	-
Credited in the year/period	5,084	3,788
At 30 September 2009	<u>8,872</u>	<u>3,788</u>

The elements of deferred taxation are as follows

	30 September 2009 £	30 September 2008 £
Fixed asset timing differences	4,532	3,788
Other short term timing differences	4,340	-
Total deferred tax asset (see Note 10)	<u>8,872</u>	<u>3,788</u>

There are no other unprovided deferred tax liabilities or unrecognised deferred tax assets at either 30 September 2009 or 31 March 2008

Hotels London Limited

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

13 Share capital

	September 2009 £	September 2008 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
<i>Issued and fully paid</i>		
100 ordinary shares of £1 each	100	100

14 Reserves

	Profit and loss account £
At 1 October 2008	70,084
Profit for period	164,177
At 30 September 2009	234,261

15 Ultimate parent undertaking

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 Late Rooms Limited, incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which they 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. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the TUI website address www.tui-group.com.