

Trek America Travel Limited
Reports of the Directors and financial statements
for the year ended 30 September 2014
Company number 4803471

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The Directors present their reports and the audited financial statements of Trek America Travel Limited ("the Company") for the year ended 30 September 2014.

STRATEGIC REPORT

The Company's principal activity during the year continued to be the marketing, selling and operation of tours, treks and adventure holidays.

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 report, the Directors' Report and the financial statements are therefore synonymous with TUI Travel Limited with effect from this date.

Review of the business

The Company's profit on ordinary activities before taxation for the year ended 30 September 2014 was £1,346,000 (2013: £975,000). No dividends were paid during the year (2013: £nil) and the Directors are unable to recommend the payment of a final dividend.

During the year both passenger numbers and revenue increased significantly from 2013. Although exchange rates were not as favourable as in the prior year, gross profit was much improved. Along with continued tight control of marketing and overhead costs, these factors resulted in the Company returning an increased profit compared to the previous year.

As the Directors manage the Company in co-ordination with the management of the TUI Travel PLC Specialist & Activity Sector businesses, which includes the Company, the development, performance and positioning of the Company is considered at a Sector level. A fair review of the Sector is in the Business and Financial Review section on page 60 of the TUI Travel PLC annual report and accounts, which does not form part of this report. Details of where these accounts can be obtained are included in the ultimate parent company note included in these financial statements.

To understand the development, performance and positioning of its business, there are certain Key Performance Indicators (KPIs) that are measured and monitored. The main KPIs are:

	Year ended	Year ended
	30 September 2014	30 September 2013
	No/£000	No/£000
Number of Passengers	8,487	7,459
Turnover	£13,300	£11,243
Margin per passenger	£419	£374

The KPIs of the Specialist & Activity Sector, which includes the Company, are on pages 38-41 in the KPI section of the Strategic Report and on page 60 of the Business and Financial Review, both within the TUI Travel PLC annual report and accounts. Details of where these accounts can be obtained are included in the ultimate parent company note in these financial statements.

Principal risks and uncertainties

The principal risks and uncertainties which are common to the TUI Travel PLC group of companies ("the Group") and the Company are:

- **Consumer preferences and desires.** Price, product and digital solutions play a key part in the consumer's decision-making process. Consumers are increasingly turning online to research and book holidays and are moving towards booking nearer the time of travel. A risk exists that we do not identify or respond quickly enough to changes in consumer preferences and do not keep up with the latest technological developments. The impact of this risk is that our market position comes under pressure resulting in lower growth rates and margins.
- **Consumer demand.** Spending on travel and tourism is discretionary and price sensitive. The economic outlook remains uncertain with different source markets at different points in the recovery cycle. Consumers are also waiting longer to book their trips in order to assess their financial situation. If we do not respond successfully to changes in consumer demands and preferences, our revenues and/or our margins will fall.
- **Talent management.** The Company's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and the trust of our employees, then we risk not maximising on our operating results and financial performance.
- **Regulatory environment.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, aviation and the environment. If we do not establish an effective system of internal control to ensure we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damaging reputation and leading to reduced revenues and/or higher input costs.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group. Further information on these risks, together with how these are mitigated, can be found on pages 44-50 of the TUI Travel PLC annual report and accounts.

On behalf of the Board



P J Burrell
Director

Dated:

16 March 2015

DIRECTORS' REPORT

Directors

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

M A Beard
P J Burrell
R Hanson

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.

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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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.

On behalf of the Board



P J Burrell
Director

Company Number 4803471

16 March 2015

Report on the financial statements

Our opinion

In our opinion, Trek America 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 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

Trek America 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 Strategic Report and 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.

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 pages 3 and 4, 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 Reports 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.

Rosemary Shapland

Rosemary Shapland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
16 March 2015

Trek America Travel Limited
Profit and loss account for the year ended 30 September 2014

		Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
	Note		
Turnover	2	13,300	11,243
Cost of sales		(9,738)	(8,451)
Gross profit		3,562	2,792
Administrative expenses		(2,222)	(1,830)
Operating profit		1,340	962
Interest receivable and similar income	6	6	13
Profit on ordinary activities before taxation	3	1,346	975
Tax on profit on ordinary activities	7	(297)	(232)
Profit for the financial year	14	1,049	743

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.

Trek America Travel Limited
Balance sheet at 30 September 2014

		30 September 2014 £'000	30 September 2013 £'000
	Note		
Fixed assets			
Intangible assets	8	343	383
Tangible assets	9	191	221
		534	604
Current assets			
Debtors	10	3,299	2,672
Cash at bank and in hand		3,702	2,527
		7,001	5,199
Creditors: amounts falling due within one year	11	(1,941)	(1,258)
Net current assets		5,060	3,941
Total assets less current liabilities		5,594	4,545
Net assets		5,594	4,545
Capital and reserves			
Called up share capital	13	7,200	7,200
Profit and loss account	14	(1,606)	(2,655)
Total shareholders' funds	15	5,594	4,545

The notes on pages 8 to 15 form part of these financial statements.

The financial statements were approved by the Board on 16 March 2015 and signed on their behalf by:



P J Burrell
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.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and under the historical cost convention. The financial statements have been prepared on a consistent basis with the prior year.

Cash flow

Under Financial Reporting Standard 1 (revised 1996) "Cash flow Statements" 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 aggregate value of revenue receivable excluding Value Added Tax from clients in the ordinary course of business. Sales of adventure tours, accommodation and airfares are recognised in the profit and loss account on the date of departure.

Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

Intangible assets

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised on a straight-line basis over its useful economic life which is determined to be 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost and are depreciated on a straight-line basis to their residual value over their estimated useful lives:

Motor Vehicles	4 years
Fixtures & fittings	2 years
Computer equipment	3 years
Computer software	5 years
Leasehold improvements	4 years

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets.

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

1. Accounting policies (continued)

Pensions

The Company's employees participate in the Group Defined Contribution Pension Schemes. Pension liabilities are paid by another Group company. A management charge is made by fellow Group companies to cover the Company's share of such operating costs.

Further details of the Group Defined Contribution Pension Scheme can be found in the financial statements of TUI Travel PLC.

Foreign currency translation and financial instruments

Transactions in overseas currencies are translated at the exchange rate at the date of the transaction or, where forward cover has been arranged, at the contracted rate. Monetary assets and liabilities denominated in currencies other than pounds sterling are translated at year end rates of exchange. To the extent that foreign currency denominated monetary assets and liabilities are covered by forward exchange contracts, these are translated at the appropriate contract rate. Foreign exchange gains and losses are recognised in the profit and loss account.

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. Turnover

The Company has one class of business, namely the marketing, selling and operation of tours, treks and adventure holidays. Turnover is analysed by geographical location (source market):

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
UK and Ireland	7,504	5,795
Europe	1,635	1,598
Rest of the world	4,161	3,850
	<u>13,300</u>	<u>11,243</u>

3. Profit on ordinary activities before taxation

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

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Depreciation – owned assets	103	104
Intangible amortisation	40	39
Management fee payable to PEAK Adventure Travel Group Limited	151	76
	<u> </u>	<u> </u>

4. Fees payable to auditors

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Fees for the audit of the Company	15	13
	<u> </u>	<u> </u>

5. Employees' and Directors' remuneration

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

	Year ended 30 September 2014 Number	Year ended 30 September 2013 Number
Administration and management	19	17
	<u> </u>	<u> </u>

(ii) Costs for the above persons:

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Wages and salaries	745	668
Social security costs	75	56
Other pension costs	29	25
	<u>849</u>	<u>749</u>

Employees' and Directors' remuneration (continued)

The details of Directors' remuneration are as follows:

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Directors' remuneration	105	83
Pension contributions	9	8
	<u>114</u>	<u>91</u>

Retirement benefits are accruing to one Director under the TUI Travel PLC Group Defined Contribution Pension Scheme (2013: one).

The remuneration of two of the Company's Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company.

6. Interest receivable and similar income

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Bank interest receivable	6	4
Intercompany interest receivable	-	9
Total interest receivable	<u>6</u>	<u>13</u>

7. Tax on profit on ordinary activities

(i) Analysis of tax charge in the year

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Current tax:		
United Kingdom corporation tax	304	224
Total current tax	<u>304</u>	<u>224</u>
Deferred tax:		
Origination and reversal of timing differences:		
- current year	(8)	5
- effect of reduction in UK corporation tax rate	1	3
Total deferred tax	<u>(7)</u>	<u>8</u>
Tax charge on profit on ordinary activities	<u>297</u>	<u>232</u>

Tax on profit on ordinary activities (continued)

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

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

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Profit on ordinary activities before tax	<u>1,346</u>	<u>975</u>
Profit on ordinary activities at the standard rate of UK corporation tax of 22% (2013: 23.5%)	296	229
Effects of:		
- Fixed asset timing differences	8	(5)
Current tax charge for the year	<u>304</u>	<u>224</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. 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.

8. Intangible assets

	Goodwill £'000
Cost:	
At 1 October 2013 and 30 September 2014	<u>791</u>
Accumulated amortisation:	
1 October 2013	408
Charge for the year	40
30 September 2014	<u>448</u>
Net book value :	
30 September 2014	<u>343</u>
30 September 2013	<u>383</u>

Goodwill relates to the original purchase of the business assets and liabilities of Trek International Travel Limited by the Company which is being amortised over 20 years.

9. Tangible assets

	Computer software £'000	Computer equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Leasehold Improvements £'000	Total £'000
Cost:						
1 October 2013	661	63	36	21	-	781
Additions	49	9	4	-	11	73
30 September 2014	710	72	40	21	11	854
Accumulated depreciation:						
1 October 2013	476	41	30	13	-	560
Charge for the year	81	14	6	2	-	103
30 September 2014	557	55	36	15	-	663
Net book value:						
30 September 2014	153	17	4	6	11	191
30 September 2013	185	22	6	8	-	221

10. Debtors

	30 September 2014 £'000	30 September 2013 £'000
Trade debtors	255	327
Amounts owed by Group undertakings	2,845	2,203
Deferred tax asset (Note 12)	26	19
Other debtors	31	29
Prepayments and accrued income	142	94
	3,299	2,672

Amounts owed by Group undertakings are unsecured and are repayable on demand.

11. Creditors: amounts falling due within one year

	30 September 2014 £'000	30 September 2013 £'000
Trade creditors	8	52
Amounts owed to Group undertakings	901	517
Corporate tax payable	143	65
Accruals	125	125
Deferred income	764	499
	1,941	1,258

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

12. Deferred tax

The movement in deferred taxation during the year was:

	£'000
At 1 October 2013	19
Credited to the profit and loss account (Note 8)	<u>7</u>
At 30 September 2014	<u>26</u>

The elements of deferred taxation are as follows:

	30 September 2014 £'000	30 September 2013 £'000
Fixed asset timing differences	<u>26</u>	<u>19</u>
Net deferred tax asset in debtors (Note 10)	<u>26</u>	<u>19</u>

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

13. Called up share capital

	30 September 2014 £'000	30 September 2013 £'000
Issued and fully paid		
7,200,000 ordinary shares of £1 each (2013:7,200,000)	<u>7,200</u>	<u>7,200</u>

14. Profit and loss account

	£'000
At 1 October 2013	(2,655)
Profit for the financial year	<u>1,049</u>
At 30 September 2014	<u>(1,606)</u>

15. Reconciliation of movements in shareholders' funds

	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Opening shareholders' funds	4,545	3,802
Profit for the financial year	<u>1,049</u>	<u>743</u>
Closing shareholders' funds	<u>5,594</u>	<u>4,545</u>

16. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard Number 8 "Related Party Transactions" as it is a wholly-owned subsidiary of PEAK Adventure Travel Group Limited. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the group headed by PEAK Adventure Travel Group Limited.

In the normal course of business the Company undertook transactions with entities that are not wholly-owned by PEAK Adventure Travel Group Limited. These transactions primarily related to the recharging of expenses within the TUI Travel PLC group of companies.

Details of transactions with related parties and balances outstanding at the balance sheet date are set out in the following tables:

	Expenses	
	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Related party		
Subsidiaries within the Group	983	870
Total	983	870

	Payables outstanding	
	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Related party		
Subsidiaries within the Group	74	132
Total	74	132

17. 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 at the balance sheet date was Trek Investco 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 PEAK Adventure Travel Group Limited, incorporated in Australia. The results of the Company are also consolidated in the Group 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. Copies of the PEAK Adventure Travel Group Limited financial statements are available from the Company Secretary, PEAK Adventure Travel Group Limited, Level 3, 380 Lonsdale Street, Melbourne, VIC 3000, Australia.