

Thomas Cook Investments (1) Limited
Annual report and financial statements
for the year ended 30 September 2012

Registered number 6031617

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Thomas Cook Investments (1) Limited

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Thomas Cook Investments (1) Limited

Directors' report Year ended 30 September 2012

The directors present their annual report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2012.

Business review & principal activities and future outlook

Thomas Cook Investments (1) Limited is a subsidiary of Thomas Cook Group plc, a Company that is listed on the London Stock Exchange.

The results for the Company show a pre-tax profit of £4k (2011: £439k loss) for the year. The Company has net assets of £19,985k (2011: £19,981k).

Thomas Cook Group plc operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail & online dynamic packaging / component travel businesses and scheduled tour operators.

Thomas Cook Investments (1) Limited is a non-trading, intermediate holding company. The directors do not expect any changes in the Company's activities for the foreseeable future.

The Company holds an investment in Hotels 4U com Limited. The prior shareholders of Hotels 4U com Limited exercised their put options ending the period for measuring the earn-out in respect of the purchase of Hotels 4U com Limited. The deferred consideration in the year-end balance sheet reflects the final agreed settlement.

Principal risks and uncertainties

The directors of Thomas Cook Group plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Thomas Cook Investments (1) Limited's business. The principal risks and uncertainties of Thomas Cook Group plc, which include those of the Company, are discussed on pages 18 to 19 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2012 (2011: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

P Fankhauser (appointed 21 February 2013)
J Bueser (resigned 12 October 2011)
N Arthur (appointed 21 February 2013)
M MacMahon (appointed 12 October 2011, resigned 12 February 2013)
D Taylor (appointed 12 February 2013, resigned 21 February 2013)
Thomas Cook Group Management Services Limited

Thomas Cook Investments (1) Limited

Directors' report (continued) **Year ended 30 September 2012**

Company secretary

S Bradley

Directors' indemnities

In accordance with its Articles, the Company has granted a qualifying third party indemnity, to the extent permitted by law, to each Director. The Company also maintains Directors' and Officers' liability insurance.

Charitable and political donations

During the year, the Company made no donations for charitable or political purposes (2011: £nil).

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Thomas Cook Investments (1) Limited

Directors' report (continued) **Year ended 30 September 2012**

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

The Directors' report has been approved and is signed on behalf of the board by



P Fankhauser
Director
27 February 2013



N Arthur
Director
27 February 2013

Registered office
The Thomas Cook Business Park
Coningsby Road
Peterborough
Cambridgeshire
PE3 8SB
England

Thomas Cook Investments (1) Limited

Independent auditors' report to the members of Thomas Cook Investments (1) Limited

We have audited the financial statements of Thomas Cook Investments (1) Limited for the year ended 30 September 2012 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

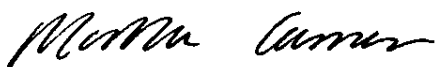
Opinion on other matter prescribed by the Companies Act 2006

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.



Martha Cannon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2013

Thomas Cook Investments (1) Limited

Statement of comprehensive income Year ended 30 September 2012

	Note	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Finance income/(costs)	3	4	(467)
Other income	4	-	28
Profit/(loss) before income tax	5	4	(439)
Income tax	6	-	-
Total comprehensive profit/(loss) for the year		4	(439)

All of the results arose from continuing operations

Thomas Cook Investments (1) Limited

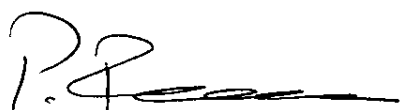
Statement of changes in equity Year ended 30 September 2012

	Note	30 September 2012 £'000	30 September 2011 £'000
Non-current assets			
Investments in subsidiaries	7	33,447	37,117
Current assets			
Trade and other receivables	8	25,969	25,969
Total assets		<u>59,416</u>	<u>63,086</u>
Current liabilities			
Trade and other payables	9	(39,431)	(32,110)
Net current liabilities		<u>(13,462)</u>	<u>(6,141)</u>
Non-current liabilities			
Trade and other payables	9	-	(10,995)
		-	(10,995)
Total liabilities		<u>(39,431)</u>	<u>(43,105)</u>
Net assets		<u>19,985</u>	<u>19,981</u>
Equity attributable to owners of the parent			
Share capital	10	1	1
Share premium	11	24,999	24,999
Retained earnings		(5,015)	(5,019)
Total equity		<u>19,985</u>	<u>19,981</u>

The notes on pages 10 to 19 are an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 27 February 2013

Signed on behalf of the board



P Fankhauser
Director



N Arthur
Director

Thomas Cook Investments (1) Limited

Statement of changes in equity Year ended 30 September 2012

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2010	-	15,019	(4,580)	10,439
Net loss for the year	-	-	(439)	(439)
Shares issued in year	1	9,980	-	9,981
Total comprehensive profit for the year		9,980	(439)	9,541
Balance at 30 September 2011	1	24,999	(5,019)	19,981
Net profit for the year		-	4	4
Total comprehensive profit for the year	-	-	4	4
Balance at 30 September 2012	1	24,999	(5,015)	19,985

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

1 General information

Thomas Cook Investments (1) Limited is a company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB, England. The nature of the Company's operation and its principal activities are set out in the Directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc ("the Group"), a company incorporated in Great Britain which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

In the current year, the following new or amended standards have been adopted. Their adoption has not had a significant impact on the amounts reported or the disclosure and presentation in these financial statements, but may impact the accounting or the disclosure and presentation for future transactions and arrangements.

IAS 24 Amendment "Related parties" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment clarifies the definition of related parties.

IFRIC 14 Amendment "Prepayments of a minimum funding requirement" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment remedies one of the consequences of IFRIC 14, whereby an entity under certain circumstances was not allowed to recognise an asset for the prepayment of a minimum funding requirement.

In addition, the Group has adopted the various amendments to International Financial Reporting Standards and the related Bases for Conclusions and guidance made in the International Accounting Board's annual improvement process. The relevant IFRSs subject to Annual Improvements 2010 and applicable to the Group include:

IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosure
IAS 1	Presentation of Financial Statements
IAS 27	Consolidated and Separate Financial Statements
IAS 34	Interim Financial Reporting

New or amended standards and interpretations in issue but not yet effective and not EU endorsed

The following new standards, amendments to standards and interpretations that are expected to impact the Group, and therefore the Company, which have not been applied in these financial statements, were in issue, but are not yet effective, and are not EU endorsed:

IFRS 9	"Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2015. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.
IFRS 10	"Consolidated financial statements" is effective for annual reporting periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within consolidated financial statements.
IFRS 11	"Joint arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
IFRS 12	"Disclosure of interests in other entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

1 General information (continued)

IFRS 13	"Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.
IAS 19 (revised 2011)	"Employee benefits" is effective for annual periods beginning on or after 1 January 2013. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
IAS 27 (revised)	"Separate financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
IAS 28 (revised)	"Investments in associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
IAS 32	"Offsetting financial assets and liabilities" is effective for annual periods beginning on or after 1 January 2014, and provides clarification on the application of offsetting rules.

Management is currently assessing the impact of adopting these new or amended standards and interpretations.

2 Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IFRSs as adopted by the EU and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The accounting policies adopted are consistent with those of the previous financial period except for those which the Company has adopted in the year.

The financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

The Company is reliant on the support of the fellow group undertaking Thomas Cook Group UK Limited. This support has been formally provided and accordingly the directors of Thomas Cook Investments (1) Limited have prepared these financial statements on a going concern basis.

Cash and cash equivalents

The Company has no cash transactions. All transactions are settled by a fellow subsidiary, and as such, no cash flow statement has been produced.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Subsidiary undertakings

Investments in subsidiary undertakings are accounted for at cost less provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

2 Significant accounting policies (continued)

Statement of comprehensive income presentation and exceptional items

The Company separately discloses in the income statement exceptional items, amortisation of business combination intangibles, and IAS 39 fair value re-measurement

Exceptional items, namely items that are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a full understanding of the Company's underlying performance.

Items which are included within the exceptional category include

- profits/(losses) on disposal of assets or businesses and costs of acquisitions,
- costs of integration of significant acquisitions and other major restructuring programmes,
- significant goodwill or other asset impairments,
- material write-down of assets/reassessment of accruals, reflecting a more cautious evaluation in the light of current trading and economic conditions (excluding errors or prior year items),
- other individually material items that are unusual because of their size, nature or incidence

IAS 39 fair value re-measurement includes movements in forward points related to foreign exchange forward contracts and time value of options in cash flow hedging relationships. Both items are subject to market fluctuations and unwind when the options or forward contracts mature and therefore are not considered to be part of the Group's underlying performance.

Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of comprehensive income unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. The measurement of particular financial assets or liabilities is set out below.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

2 Significant accounting policies (continued)

Non derivative financial instruments

The treatment of non derivative financial instruments is set out below

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the Statement of comprehensive income.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical judgements in applying the company's accounting policies

In the process of applying the Company's accounting policies, described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements:

Recoverable amounts of investments

Judgments have been made in respect of the amounts of future operating cash flows to be generated by certain of the Company's businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for investments in relation to those businesses.

Key Sources of estimation

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Deferred Consideration

Judgments have been made in respect of the amount of the deferred consideration in respect to the purchase of Hotels4u.com Limited. The interest rate used to discount the consideration is 10% which management believes to be appropriate. Due to the period over which the earn-out agreement ran, the prior year provision was calculated based on actual performance to date and forecast profitability in the final period of the measurement period. The deferred consideration in the current year reflects the final agreed earn-out as the period for the earn-out provision is now complete.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

3 Finance income /(cost)

	2012 £'000	2011 £'000
Unwind of discount	4	(467)

4 Other income

	2012 £'000	2011 £'000
Release of accrual	-	28

5 Profit/(loss) before income tax

Profit/loss before income tax is stated after charging/ (crediting)

	2012 £'000	2011 £'000
Unwind of discount	(4)	467
Release of accrual	-	(28)

The Company had no employees during the year (2011: nil)

The directors and key management personnel did not receive any remuneration from the Company during the current or preceding year. All remuneration is paid for centrally.

Auditors' remuneration is paid for centrally and is included within the statutory financial statements of Thomas Cook Retail Limited. No audit fees or non-audit fees were paid directly by the Company.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

6 Income Tax

	2012 £'000	2011 £'000
Current tax		
UK corporation tax credit for the year	-	-

Corporation tax is calculated at 25% (2011 27%) of the estimated assessable profit/ (loss) for the year

The tax charge for the year can be reconciled to the profit per the Statement of comprehensive income as follows

	2012 £'000	2011 £'000
Current Tax		
Profit/(loss) from ordinary activities before taxation	4	(439)
Profit/(loss) from ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2011 27%)	1	(119)
Effects of (Income)/Expenses not deductible for tax purposes	(1)	119
Total current tax	-	-

The company had no deferred tax assets or liabilities at 30 September 2012 (2011 £nil)

Corporation tax is calculated at 25% (2011 27%) of the estimated assessable profit/ (loss) for the year
This is the weighted average tax rate applicable for the year following a reduction in the standard rate of UK Corporation Tax from 26% to 24% effective from 1st April 2012

The Finance (No 2) Act 2010 included legislation to reduce the main rate of UK Corporation Tax from 28% to 27% from 1st April 2011. This was amended by Finance Act 2011 which reduced the rate to 26% with effect from 1st April 2011. Finance Act 2011 also included legislation to reduce the main rate of Corporation Tax to 25% with effect from 1st April 2012, this was amended by Finance Act 2012 which reduced the rate to 24% with effect from 1st April 2012. Finance Act 2012 also included legislation to reduce the main rate of Corporation Tax to 23% with effect from 1st April 2013.

A further reduction in the main rate of Corporation Tax in the UK by 2% to 21% by 1st April 2014 has also been proposed and is expected to be enacted separately. The change has not been substantially enacted at the balance sheet date and therefore is not recognised in these financial statements.

7 Investments in subsidiaries

	2012 £'000	2011 £'000
Cost		
At 1 October	37,117	37,774
Purchase price adjustment	(3,670)	(657)
At 30 September	33,447	37,117

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

7 Investments in subsidiaries (continued)

	2012 £'000	2011 £'000
Hotels4u com Limited	33,447	37,117

Name of company	Country of incorporation	% ownership of ordinary shares	Principal activity
Hotels4u com Limited	England and Wales	100%	Provision of hotels and apartments

The directors believe that the carrying value of the investments is supported by their underlying net assets

8 Trade and other receivables

	2012 £'000	2011 £'000
Current assets		
Amount due from parent undertakings	25,832	25,832
Amount due from subsidiary undertakings	137	137
	<u>25,969</u>	<u>25,969</u>

All of the above financial assets are categorised as loans and receivables for the purposes of IFRS 7, "Financial instruments Disclosures". The directors consider that the carrying amount of other receivables approximates their fair value

The Company's principal financial assets subject to a credit risk are these receivables, and as such the Company's credit risk is attributable to these other receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No impairments have been made against these financial assets, and none of these assets are overdue.

These receivables are not subject to restrictions on title and no collateral is held as security. All these financial assets are denominated in pound sterling.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

At the year end, there were no trade or other receivables that were past due but not impaired.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

9 Trade and other payables

	2012 £'000	2011 £'000
Current liabilities		
Amounts owed to group undertakings	(32,087)	(31,250)
Deferred consideration	(7,344)	(860)
	<u>(39,431)</u>	<u>(32,110)</u>
Due after more than one year		
Deferred consideration	-	(10,995)
	<u>-</u>	<u>(10,995)</u>

All of the above are categorised as financial liabilities for the purposes of IFRS 7, "Financial instruments Disclosures". The directors consider that the carrying amount of trade and other payables approximates their fair value.

The deferred consideration in respect of the acquisition of Hotels4u.com Limited has been discounted from the anticipated settlement date at a rate of 10%. The difference between this present value and the mandatory purchase amount has been accrued through a credit to finance income/ (cost) of £4k (2011 £467k charge), during the year. The deferred consideration has been settled since year end – See post balance sheet events.

10 Share capital

	2012 £'000	2011 £'000
Authorised:		
155 (2011 155) ordinary shares of £1 each	-	-
90 non-voting ordinary shares of 50p each (2011 90 non-voting ordinary shares of 50p each)	-	-
800(2011 800) preferred ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted, issued and fully paid		
155(2011 155) ordinary shares of £1 each	-	-
72 non-voting ordinary shares of 50p each (2011 72 non-voting ordinary shares of 50p each)	-	-
800(2011 800) preferred ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

On 25 February 2011, the £1 non-voting ordinary shares were converted to 50p non-voting ordinary shares. The authorised share capital in respect of that share class has changed from 45 non-voting ordinary shares of £1 each to 90 non-voting ordinary shares of 50p each. The issued share capital in respect of that share class has changed from 36 non-voting ordinary shares of £1 each to 72 non-voting ordinary shares of 50p each.

On 30 March 2011, 800 preferred ordinary shares of £1 each were issued for a consideration of £9,981k to the immediate parent company, Sandbrook Investments UK Limited. These shares have full voting rights attached to them.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

11 Share premium

	2012 £'000	2011 £'000
At 1 October	24,999	15,019
Issue of shares	-	9,980
At 30 September	<u>24,999</u>	<u>24,999</u>

On 30 March 2011, 800 preferred ordinary shares of £1 each were issued for a consideration of £9,981k to the immediate parent company, Sandbrook Investments UK Limited, resulting in share premium of £9,980k

12 Related party transactions

Transactions between the company and other members of the Thomas Cook Group plc are disclosed below

Trading transactions	Amounts owed by related parties		Amounts owed to related parties	
	2012 £000	2011 £'000	2012 £'000	2011 £'000
Parent and fellow subsidiary undertakings	25,969	25,969	(32,087)	(31,250)

The amounts outstanding are unsecured and will be settled in the normal course of business. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

13 Contingent liabilities

On 5 May 2012, the Group agreed a new financing package with its lenders, consisting of a total debt facility of £1,200m that extends the maturity of its financing until 31 May 2015. The new facility comprises a £150m term loan with no fixed repayments, a revolving credit facility of £850m and a super senior revolving credit facility of £200m. Following the disposal of the Group's share in Thomas Cook (India) Limited, in August 2012 the super senior revolving credit facility was reduced by £89m to £111m. As at 30 September 2012, the £150m term loan (2011: £200m) was drawn down and £142m (2011: £69.3m) was drawn under the revolving credit facility. The Company is a guarantor to the Group's amended banking facility arrangements.

The Company became a guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group during the year. Potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £189.0 million.

In addition to this, the Company also became one of the guarantors of the Group term and revolving credit facilities. Each of the guarantors is jointly liable for the drawn down portion of £317.7m. In addition, the Company is now also one of the guarantors of the Euro and GBP bonds issued by Thomas Cook Group plc. Each of the guarantors is joint & severally liable for the £612.5m bond amount.

Thomas Cook Investments (1) Limited

Notes to the financial statements Year ended 30 September 2012

14 Financial risk

The Company is subject to risks related to changes in interest rates and liquidity within the framework of its business operations

The only market risk that the company is subject to is interest rate risk that forms part of the discount rate used to calculate the net present value of the deferred consideration. The impact of reasonably possible changes in the risk variables on the Company, based on the year end holdings of financial instruments has been calculated and is set out below. It has been assumed that all other variables remain constant

Interest rate risk	2012		2011	
	£'000		£'000	
	Impact on profit before tax	Net Impact on equity	Impact on loss before tax	Net Impact on equity
1% Increase in the discount rate	109	109	251	251
1% decrease in the discount rate	(111)	(111)	(258)	(258)

Liquidity risk

All financial liabilities other than the deferred consideration fall due in less than 12 months and hence there is no difference between their undiscounted future cash flow amount and their carrying value or fair value that they have been presented at within these financial statements

Capital Management

The Company's objective when managing capital is to safeguard the company's ability to continue as a going concern

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The company monitors capital on the basis of net assets and the company strategy is to maintain a net asset position, the values of which are shown on the balance sheet at 30 September 2012 and 30 September 2011

15 Ultimate controlling party

The Company is a subsidiary of Sandbrook UK Investments Limited, which is incorporated in England and Wales

Thomas Cook Group plc, incorporated in Great Britain, is the Company's ultimate parent company and ultimate controlling party

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN