

Thomas Cook Tour Operations Limited
Annual report and financial statements
for the year ended 30 September 2017

Registered number 3772199

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Thomas Cook Tour Operations Limited

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Thomas Cook Tour Operations Limited

Strategic report

The directors present their Strategic report on the affairs of the Thomas Cook Tour Operations Limited ('the Company'), together with the audited financial statements. This report covers the year ended 30 September 2017.

Business review and activities

The Company is a wholly owned subsidiary of Thomas Cook Group plc, ('the Group'; 'Thomas Cook') a company that is listed on the London Stock Exchange.

The Company's primary business is the sale of charter holiday packages where two or more components of travel, such as flights, hotels, transfers and in-resort support, are bundled together in advance and sold to customers. During the year, the Company also sold flights through the ThomasCookAirlines.com website.

The results for the Company shows a loss on ordinary activities before taxation of £125 million (2016: restated £10 million) for the year and revenue of £1,818 million (2016: restated £1,917 million). Included within these results are exceptional costs of £19 million (2016: restated £14 million) which were incurred in reorganisation of the business (see note 5).

The Company has net liabilities of £1,898 million (2016: restated £1,785 million). The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Group.

The Group 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.

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. Thomas Cook, through its subsidiary companies, operates in the travel intermediary segment, made up of travel agents and tour operators.

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels. The Group's own distribution channels, which include the operations of the Company, comprise retail stores, online via various Group websites and call centres.

Strategy and future outlook

Our key objectives in package travel are to improve margins through better product mix and reduce underlying costs.

Product mix is a key factor in attracting and retaining packaged customers and in driving higher margins. We are focused on optimising the proportion of exclusive hotels, differentiated and unique concept holidays and replicating successful formats across a range of destinations. As these products are developed and offered exclusively by the Group, they do not lend themselves to direct price comparison. To the extent that customers value their unique features, these products also tend to encourage earlier booking and higher loyalty. As a result, exclusive and differentiated products attract a higher average selling price and margin than our more standard packages.

Cost management is another important element in a successful package holiday operation. Accommodation and aviation costs are significant, so a relatively modest movement can have a significant impact on performance. In these areas, the Group has taken action to coordinate purchasing across its segments, leveraging its combined scale.

For six consecutive years, the travel and tourism sector has outperformed the global economy. The 10-year forecast from the World Travel and Tourism Council anticipates this trend to continue, with average growth of 3.9 percent per year, versus a forecast of GDP growth of 3.8 percent.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Principal risks and uncertainties

The Group, of which the Company is a major component, have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities. These principal risks and uncertainties, along with mitigating actions, are listed below:

Strategic initiatives

We continue to implement our strategy for profitable growth, which involves significant changes to our businesses and operations, as well as our underlying processes and systems. Due to the complexity of these changes, there is a risk that we will not deliver the targeted benefits.

- Weekly Executive Committee meetings attended by senior management during which progress and issues are discussed and addressed.
- Financial benefits and KPIs are incorporated in the business plan and delivery is tracked as part of the business review process.
- Each project or programme has its own steering group which provides challenge to the project, monitors progress and ensures that decisions are made at the appropriate level.

Customer satisfaction

Technological advances have had a significant impact on consumer behaviour by increasing price transparency and availability of travel products as well as a proliferation of online reviews about travel experiences. Consequently, competition for travel services is increasing and Thomas Cook must differentiate itself by providing a high-quality holiday experience. Inability to consistently meet customer expectations may have an adverse impact on Thomas Cook's market share.

- Our implementation of the Customer Experience Roadmap is progressing well and is on track to be fully embedded into the business by 2020. This has strengthened our focus on customer excellence and is improving our ability to respond to shifts in consumer behaviours.
- We have refreshed our organisational values to ensure clear alignment with our Customer Promises of Quality, Service, and Reliability. All employees received training on our Customer Promises and the new organisational values, which helps foster a culture of customer excellence.
- The 24-Hour Hotel Satisfaction Promise has been extended to apply to most of our differentiated properties and continues to receive positive customer feedback.
- We regularly review our customer journey map to identify innovative holiday features such as 'Choose Your Room'.
- We have a robust hotel quality review process.
- We proactively monitor our Net Promoter Score (NPS) to identify and address areas for improvement at each stage of the customer journey.

Quality of our products and services

Our success and future growth depend upon the introduction and expansion of products and services that appeal to consumers. If we are unable to provide the right new products and services to rapidly changing customer demands and preferences, it may have an adverse effect on our business.

- We are continuing to invest into our own-branded hotel portfolio, which contributes to higher customer satisfaction and margin. This summer we opened 11 own-branded hotels across Bulgaria, Croatia, Italy, Turkey, Spain, Greece, Cyprus, and the Maldives. In 2018 we are planning to launch a further 11 own-branded hotels.
- Our aim is to reduce the number of hotels within our differentiated portfolio. This allows us to focus our resources into developing a better experience for our customers.
- We have entered into a strategic partnership with LMEY Investments, a Swiss-based hotel property development company, to further develop and grow Thomas Cook's own-brand hotel portfolio.
- We have signed a multi-year agreement with Expedia which will provide our customers with over 60,000 more hotels in global city and European domestic locations than currently on offer.
- We have launched the 'Choose Your Room' service which allows customers to pick the hotel room of their choice. It is initially available at 50 hotels and will be available in 300 by summer 2018. The service raises the bar in terms of the quality and value we offer our customers. Personalised add-ons and ancillaries are real drivers of profitable growth.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Digital strategy

Our distribution approach has to be aligned with customer demands and preferences and be able to adapt to rapid changes in technology. If we are not successful in adapting our approach it may have an adverse effect on our market share, profitability and future growth.

- We continue to improve our websites, which is leading to strong growth in web bookings for our major markets. Our OneWeb platform is now fully operational in the UK.
- In an effort to attract more customers to our websites, we have developed rich and inspirational content. This year we have added 80,000 images and 130 hotel videos.
- Our Companion App is available for our customers to support them during their entire journey.

Talent

Failure to recruit or to retain the right people at the right time will lead to a lack of capability or capacity to enable the delivery of our business strategy.

- Our annual engagement survey allows us to assess employee commitment and identify actions we need to enable talent retention. We will therefore introduce with effect from FY18, a new commitment index designed to focus leaders on those areas which will drive commitment to the organisation to deliver the business strategy.
- Our high potential talent have been identified by using a matrix of performance and potential. Those identified have targeted development plans based on their career aspiration.
- Graduate programmes were introduced in 2016 to further strengthen succession and were further expanded in 2017.
- Our Group Leadership Development programme for direct reports to Senior Leaders commenced in 2017, targeting those identified as having potential for senior leadership roles.
- The recent appointment of the new CFO following the retirement of the current CFO was done through internal channels demonstrating effective succession planning.

IT infrastructure

We are increasingly dependent on technology to reduce costs and to enhance customer service. If our IT architecture is unable to support the needs of the business, our business may be adversely affected.

- Our service delivery process ensures demands from the business are addressed in a timely manner.
- We have a robust governance framework that enables IT to align with and meet the needs of the business.
- We have commenced a major change programme which involves simplifying and harmonising our IT landscape and will lead to significant operational efficiencies.

Cyber security

Information security and cyber threats are currently a priority across all industries and remain a key Government agenda item. We recognise that we have high risk exposure in this area. Our review of this area indicates that the Group is particularly sensitive to criminal activity against our brand, reputation and revenue as well as ransomware/malware attacks.

- We are currently implementing a robust Cyber Security Strategy based on five objectives: Protect, Detect, Deter, Respond, and Recover.
- The Strategy is aligned with internationally recognised standards of Cyber security from the ISO 27001 series and is designed to be quickly adaptable to the changing cyber threat landscape.
- Our Cyber Security Steering Group, which meets monthly, monitors progress of the Cyber Security Strategy implementation and ensures appropriate mitigations are in place for all high risk areas. The Audit Committee also receives regular updates regarding progress on cyber risk mitigation.
- We are currently undertaking a project to achieve compliance with the General Data Protection Regulation by May 2018. As part of this project we are enhancing our information security measures to ensure the confidentiality, integrity, availability and resilience of our processing systems. This work complements our Cyber Security Strategy and serves as an additional mitigation of this risk.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Cash and working capital

Our ability, over the longer term, to generate sufficient cash flow to make scheduled payments on our debt will depend on our future operational performance, which will be affected by a range of economic, financial, regulatory, competitive and business factors; many of which are outside of our control.

- We proactively monitor our short, medium and long-term cash requirements and liquidity headroom. Our new bank facility will further increase headroom.
- Our cost-out and profit improvement initiatives are successfully contributing to cash availability.
- We continue to monitor all opportunities to manage liquidity requirements and maintain an adequate level of contingency as well as seeking to lower the average cost of debt over the medium-term.

Health and safety

Due to the nature of our industry, the Group will always be exposed to the risk of a health and safety incident en route to a destination, in the accommodation or during an excursion. A health and safety incident could have a negative impact on our reputation.

- The markets in which we operate each have their own health and safety regulations. We are currently focused on enhancing our policies and procedures by finding best practice from each of the markets in order to define a common Group standard. The policies address all major risk areas including swimming pools, balconies, transport, excursions, fire and hygiene.
- Our Health and Safety Audit Programme, which is delivered by reputable external specialists (SGS and Cristal), verifies compliance with Federation of Tour Operators and industry standards and includes a robust follow-up process. We continue to make improvements to our audit programme; most recently we engaged an external specialist to perform hygiene and security audits.
- The Group Health, Safety, and Security Team regularly reviews and updates its safety and security training programmes to ensure they continue to reflect best practice.
- All new hotels are inspected by the internal Quality Team and SGS before opening to ensure robust standards are in place.
- We actively monitor the number of health and safety incidents and over the last few years we have seen a significant rise in fraudulent customer illness claims by UK tourists. We have put in place prevention and detection measures (e.g. fraud investigators) in an effort to address this issue.

Geopolitical uncertainties

A significant decline in customer demand due to the growing threat of terrorist attacks in our key tourist destinations, specifically Turkey, may lead to a decrease in revenue from our branded, selected and complementary hotels.

- Our flexible business model allows us to align our committed capacity to fluctuating demand. We continue to rebalance our destination mix and add new destinations to our portfolio, thereby mitigating the impact of geopolitical events.
- We have developed a Hotel Security Framework, which defines a set of minimum security standards that should be operational in our hotels. Implementation of the Framework will follow a risk-based approach, with risk destinations including Tunisia and Egypt as a priority.
- We proactively monitor the geopolitical landscape by partnering with the Risk Advisory Group, a leading independent global risk management consultancy that provides intelligence, investigations and security services.
- We continue to follow the guidance of the appropriate state departments relevant to our source market.
- We have a robust crisis management framework which we activate in the event of an incident.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Brexit

Our risk assessment of the UK's exit from the EU identified the following areas that could have a major impact on the Group's strategy:

- Loss of access to EU employment markets, including the ability for businesses to place temporary workers in EU Member States without additional barriers may cause a skill shortage in the UK and in destination.
- The Corporate Affairs Team has been proactively meeting with Government officials from both the UK and the EU to ensure our concerns are appropriately understood.
- The Brexit Working Group which includes representatives from Finance, Tax, HR, Communications, Legal, Risk, the Group Airline and the Tour Operating Segments was established in 2016 to ensure all risks and potential issues related to the UK's upcoming exit from the EU are being considered and addressed.
- Management is putting in place contingency plans for every eventuality with a particular focus on ensuring that our customers' holiday experience is not impacted.

Compliance with regulatory and legislative requirements

There is a risk that we do not comply with regulatory, legislative and corporate social responsibility requirements in the legal jurisdictions where Thomas Cook operates. In particular, in February 2017, the European Union Competition Commission launched an investigation into the travel industry regarding hotel accommodation agreements with a focus on the availability of hotel bookings and pricing between member states.

- We have a dedicated legal team, which works to ensure that we comply fully with regulatory requirements and which monitors all current and emerging regulatory developments in our source markets. The team receives regular training to provide awareness of critical changes in relevant legislation or case law.
- Our Code of Conduct is backed by a comprehensive training programme to ensure that it is fully embedded across the Group.
- Our Legal Risk Database enables communication and timely analysis of all risks related to regulatory, legislative and corporate social responsibility requirements.
- In regards to the EU Competition Commission investigation, Thomas Cook is committed to fair and open competition and will cooperate fully with the Commission through the process.

For further information on the potential impact of these risks and how they are mitigated by the Group, please refer to pages 54-59 of the Group's annual report.

Financial risk management

The Company is subject to liquidity and cash flow risk, credit risk, counterparty credit risk and exchange rate risk within the framework of its business operations.

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity position of the Company is significantly influenced by the payment pattern of customers. As a result, liquidity is at its lowest in the winter months and at its highest in the summer months. The Company manages the seasonal nature of its liquidity by making use of its bank revolving credit facility. Short-term liquidity is primarily invested in bank deposits.

Credit risk

Credit risk is the risk that an entity will cause a financial loss for the other party by failure to discharge an obligation. The Company's principal financial assets are trade and other receivables, and amounts due from other Group undertakings. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful 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. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Financial risk management (continued)

Counterparty credit risk

The Company is exposed to credit risk in relation to deposits, derivatives with a positive fair value and trade and other receivables. The maximum exposure in respect of each of these items at the balance sheet date is their carrying value. The Company assesses its counterparty exposure in relation to the investment of surplus cash, foreign exchange hedging contracts and undrawn credit facilities. The Company uses published credit ratings, credit default swap prices and share price performance in the previous 30-day period to assess counterparty strength and therefore to define the credit limit for each counterparty.

Exchange rate risk

The Company has activities in a large number of countries and is therefore subject to the risk of exchange rate fluctuations. These risks arise in connection with the procurement of services in destinations outside of the UK. For example, Euro exposure arises on the procurement of hotel accommodation. The Company uses derivative instruments to hedge against significant future transactions and cash flows denominated in foreign currencies. The Company enters into a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. Notional internal contracts are entered into with Thomas Cook Group Treasury Limited.

Key performance indicators (“KPI’s”)

The directors of the Group manage the Group’s operations on a segmental basis. For this reason, the Company’s directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK segment of the Group, which include the results of the Company, are discussed in the financial review on page 32 of the Group’s annual report which does not form part of this report.

Employee Engagement

The annual Group-wide employee engagement survey “Every Voice” provides our people with the opportunity to provide detailed feedback about how they feel across a number of areas such as clarity on the Company’s direction; their views on our strategy; their confidence in their manager and the leadership; our culture; and how they feel about working for Thomas Cook.

The 5th annual Group-wide survey was completed by just over 19,013 colleagues, representing a response rate of 78 percent, something we attribute to the fact that 75 percent of our people said that they had seen positive actions taken based on results of our last survey.

Our ‘Core Index’ – an indication of a highly performing organisation – was 74 percent, level with 2016, and our engagement index rose by 1 percent to 77 percent. Customer orientation was at 83 percent, seeing the highest increase of all areas of our survey. This is particularly pleasing, given our ‘Customer at our heart’ focus. Our employee commitment remains high at 70 percent, and we saw a 2 percent increase in colleagues recommending Thomas Cook as an employer.

Each team builds an action plan off the back of their results, culminating in one overall plan for the Group. Action plans are reviewed closely by the Executive Committee to understand progress and ensure momentum is maintained.

Thomas Cook Tour Operations Limited

Strategic report (continued)

Diversity and inclusion

Our vision to be the world's most loved holiday company is supported by an internationally diverse workforce. We believe that improving our diversity will open up new ways of thinking, get us closer to our customers and drive profitable growth. We are committed to creating an inclusive working environment in which every employee is able to fulfil their potential through training, career development and fair promotion, regardless of personal characteristics.

Gender diversity has been a particular focus area for us in 2017. We introduced 'balanced' gender shortlists for the first time, for leadership roles, ensuring a fair and consistent selection of males and females. In the UK, we ran our second Women's sponsorship programme for high potential females, while in Germany, the Group introduced a family centre in our Head Office in Oberusel, to support working parents in their child care.

Our international diversity across our Leadership Team is strong, with 18 nationalities represented, the largest of which are British at 37 percent, German at 28 percent and Swedish at 9 percent. We are working to create a new international mobility framework, designed to encourage the movement of colleagues across different countries and markets.

Ethnicity is also an increasing subject of focus. We aim to establish an organisational benchmark in 2018 and establish a framework of activity based on the results. We remain committed to a fully diverse workforce which represents the wide range of ethnicities from both our customer base and the countries and destinations in which we operate.

The Strategic report has been approved and is signed on behalf of the board by:



P Hemingway
Director

23 February 2018

Registered office

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FZ

Thomas Cook Tour Operations Limited

Directors' report

The directors present their report on the affairs of the Company, together with the audited financial statements. This audited financial statement covers the year ended 30 September 2017.

Please refer to the Strategic Report, set out on pages 1-7, for the business review, future developments and financial risk management of the Company.

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2017 (2016: £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 Hemingway
Thomas Cook Group Management Services Limited

Company secretary

S Bradley

Directors' indemnities

In accordance with its Articles, the Company has made qualifying third party indemnity provisions, to the extent permitted by law, for the benefit of its directors. These were made during the year and remain in force at the date of this report. The Company also maintains Directors' and Officers' liability insurance.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Thomas Cook Tour Operations Limited

Directors' report (continued)

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.

Independent auditors

Pricewaterhouse Coopers LLP resigned as auditor of the Company with effect from 16 March 2017 and Ernst & Young LLP were appointed auditor for the financial year ended 30 September 2017. Ernst & Young LLP have agreed to continue in office as auditor of the Company.

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



P Hemingway
Director

23 February 2018

Registered office

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FZ

Independent auditor's report to the members of Thomas Cook Tour Operations Limited

Opinion

We have audited the financial statements of Thomas Cook Tour Operations Limited for the year ended 30 September 2017 which comprises of the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report set out on pages 1-9, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and

Independent auditor's report to the members of Thomas Cook Tour Operations Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006 (continued)

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Colin Brown
Senior statutory auditor
for and on behalf of Ernst & Young LLP,
Manchester

27 February 2018

Thomas Cook Tour Operations Limited
Statement of comprehensive income
For the year ended 30 September 2017

		Year ended 30 September 2017 £'000	Restated Year ended 30 September 2016 £'000
	Note		
Revenue	3	1,818,056	1,916,773
Cost of sales		<u>(1,808,349)</u>	<u>(1,902,104)</u>
Gross profit		9,707	14,669
Operating expenses	6	(79,234)	(74,111)
Other (losses) / gains – net	7	<u>(47,576)</u>	<u>49,863</u>
Loss from operations		(117,103)	(9,579)
Analysed between:			
(Loss) / Profit from operations before exceptional items		(98,569)	4,686
Exceptional items	5	<u>(18,534)</u>	<u>(14,265)</u>
Finance income	8	782	261
Finance costs	9	<u>(9,018)</u>	<u>(760)</u>
Loss on ordinary activities before taxation	10	(125,339)	(10,078)
Tax on (loss) on ordinary activities	12	<u>8,729</u>	<u>17,859</u>
(Loss) / Profit for the financial year		<u><u>(116,610)</u></u>	<u><u>7,781</u></u>
Other comprehensive income			
Re-measurement of defined benefit pension plan	27	4,860	(3,466)
Income tax relating to components of other comprehensive income/expense		<u>(1,468)</u>	<u>46</u>
Other comprehensive income / (expense) for the financial year		<u>3,392</u>	<u>(3,420)</u>
Total comprehensive (expense) / income for the financial year		<u><u>(113,218)</u></u>	<u><u>4,361</u></u>

All revenues and results arose from continuing operations.

The items of Other comprehensive income are not expected to reverse through profit or loss.

Thomas Cook Tour Operations Limited

Registered number 03772199

Balance sheet

As at 30 September 2017

		30 September 2017 £'000	Restated 30 September 2016 £'000
Non-current assets	Note		
Property, plant and equipment	13	-	2
Intangible assets	14	-	-
Investments	15	-	-
Derivative financial instruments	21	905	1,846
Pension asset	27	10,294	2,588
		<u>11,199</u>	<u>4,436</u>
Current assets			
Inventories	16	198	146
Debtors	17	464,711	240,379
Deferred tax asset	22	50,543	48,790
Derivative financial instruments	21	12,218	44,374
Cash at bank and in hand	18	7,288	9,435
		<u>534,958</u>	<u>343,124</u>
Creditors: amounts falling due within one year			
Trade and other payables	19	(2,057,755)	(1,521,845)
Borrowings	18	(46)	(314,557)
Revenue received in advance		(345,332)	(269,684)
Derivative financial instruments	21	(13,520)	(7)
Provisions for liabilities and charges	20	(22,166)	(26,020)
		<u>(2,438,819)</u>	<u>(2,132,113)</u>
Net current liabilities		<u>(1,903,861)</u>	<u>(1,788,989)</u>
Total assets less current liabilities		<u>(1,892,662)</u>	<u>(1,784,553)</u>

Thomas Cook Tour Operations Limited

Registered number 03772199

Balance sheet

As at 30 September 2017

		30 September 2017 £'000	Restated 30 September 2016 £'000
Creditors: amounts falling due after more than one year	Note		
Derivative financial instruments	21	(1,267)	(301)
Provisions for other liabilities and charges	20	(4,143)	-
		<u>(5,410)</u>	<u>(301)</u>
Net liabilities		<u>(1,898,072)</u>	<u>(1,784,854)</u>
Capital and Reserves			
Called up share capital	23	51	51
Share premium account	24	121,186	121,186
Profit and loss account		<u>(2,019,309)</u>	<u>(1,906,091)</u>
Total shareholders' deficit		<u>(1,898,072)</u>	<u>(1,784,854)</u>

The notes on pages 16 to 39 form part of these financial statements.

The financial statements on pages 12 to 39 were approved by the Board of Directors and approved for issue on 23 February 2018 and were signed on its behalf by



P Hemingway
Director

Dated: 23 February 2018

Thomas Cook Tour Operations Limited

Statement of changes in equity For the year ended 30 September 2017

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' deficit £'000
Balance at 1 October 2015	51	121,186	(1,907,424)	(1,786,187)
Prior year restatement	-	-	(3,028)	(3,028)
Restated balance at 1 October 2015	51	121,186	(1,910,452)	(1,789,215)
Profit for the financial year	-	-	9,581	9,581
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial loss in relation to UK pension fund asset	-	-	(3,466)	(3,466)
Deferred tax on re-measurements of UK pension fund asset	-	-	46	46
Total comprehensive income for the financial year	-	-	6,161	6,161
Balance at 30 September 2016 and 1 October 2016	51	121,186	(1,904,291)	(1,783,054)
Prior year restatement	-	-	(1,800)	(1,800)
Restated balance at 30 September 2016 and 1 October 2016	51	121,186	(1,906,091)	(1,784,854)
Loss for the financial year	-	-	(116,610)	(116,610)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial gain in relation to UK pension fund asset	-	-	4,860	4,860
Deferred tax on re-measurements of UK pension fund asset	-	-	(1,468)	(1,468)
Total comprehensive expense for the financial year	-	-	(113,218)	(113,218)
Balance at 30 September 2017	51	121,186	(2,019,309)	(1,898,072)

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

1 General information

Thomas Cook Tour Operations Limited ('the Company') is a private company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, Cambridgeshire PE2 6FZ. The nature of the Company's operations and its principal activities are set out in the Strategic report. These financial statements are presented in pounds sterling, which is the Company's functional currency, 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'; 'Thomas Cook'), a company incorporated in England and Wales, 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.

Basis of Preparation

The financial statements of the Company are prepared in accordance with Companies Act 2006 as applicable to Companies using FRS 101 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Exemption from all disclosure requirements in IFRS 13, 'Fair value measurement' except for the following:
 - Paragraphs 36(4) and 55 to 57 (valuation models and techniques for financial instruments held at fair value)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows for the period)
 - 16 (statement of compliance with IFRS),
 - 38A-B (Detail in respect of minimum comparative information)
 - 38C-D (Additional comparative information)
 - Paragraph 79(a)(iv) – (A reconciliation of the number of shares outstanding at the beginning and end of the period for each class of shares need not be presented for prior periods)
 - 111 (cash flow statement information), and
 - 134 – 136 (Information on an entity's objectives, policies and processes for managing capital (qualitative and quantitative))
 - 39 (Detail in respect of minimum comparative information, including prior year opening balance Sheet)
 - 40 (Detail in respect of narrative information)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure in respect of new standards and interpretations that have been issued but which are not yet effective).

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

1 General information (continued)

Basis of Preparation (continued)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- Paragraph 18A of IAS 24, 'Related party disclosures' to disclose amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity.
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.
- Paragraph 73(e) of IAS 16, 'Property, plant and equipment' (a reconciliation showing the carrying amounts of property, plant and equipment at the beginning and end of the period need not be presented for prior periods)
- Paragraph 118(e) of IAS 38, 'Intangible assets' (a reconciliation showing the carrying amounts of intangible assets at the beginning and end of the period need not be presented for prior periods)
- Exemption from all disclosure requirements in IFRS 2 except for the following:
 - Paragraph 45(a) – A description of each type of share-based payment arrangement, including general terms and conditions, vesting requirements, term of options granted and method of settlement.
 - Paragraph 45(c) – For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the weighted-average share price during the period can be disclosed.
 - Paragraph 45(d) – For outstanding share options, the range of exercise prices and weighted-average remaining contractual life.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of the Group. The consolidated financial statements of the Group are available to the public and can be obtained as set out in note 31.

The financial statements have been prepared on a going concern basis and under the historical cost convention except for revaluation of certain financial instruments, share-based payments and defined benefit pension obligations. The principal accounting policies adopted are set out below.

The Company is reliant on the support of the ultimate parent company, Thomas Cook Group plc. This support has been formally provided and accordingly the directors of the Company have prepared these financial statements on a going concern basis.

Adoption of new or amended standards and interpretations in the current year

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2016 have had a material impact on the amounts reported or the disclosure and presentation in these financial statements.

2 Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the years unless otherwise stated.

Subsidiary undertakings

Investments in subsidiary undertakings are accounted for at cost less accumulated impairment losses. As a minimum, at each year-end financial reporting date, the Company assesses whether there is any indication that an investment in subsidiary undertakings may be impaired (i.e. an 'impairment indicator'). Where there is an impairment indicator, full impairment reviews are carried out.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, net of straight-line depreciation and any provision for impairment. Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are charged to the statement of comprehensive income as incurred.

Depreciation on property, plant and equipment is calculated on a straight line basis and writes down their cost to their estimated residual value over their expected useful lives as follows:

Freehold buildings	40 - 50 years
Vehicles	5 - 6 years
Fixtures, fittings and equipment	10 years

The residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the proceeds received and the net book value of the asset on disposal, and is recognised on the date of disposal in exceptional items.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents the purchase price. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Revenue recognition and associated costs

Revenue represents the aggregate amount of gross revenue receivable from inclusive tours, travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Revenue and direct expenses relating to inclusive tours arranged by the Company's leisure travel providers, including travel agency commission, insurance and other incentives, are recognised on holiday departure. Other revenue and associated expenses are recognised as earned or incurred.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued)

Statement of comprehensive income presentation and exceptional items

Profit or loss from operations includes the results from operating activities of the Company, before its share of the results of associates and joint ventures.

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

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 statement of comprehensive income 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 may 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.

Intangible assets

Goodwill arising on the acquisition of the assets and trade of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable net assets or liabilities acquired. Goodwill is recorded at cost less accumulated impairment losses, and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Company's statement of comprehensive income and is not subsequently reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The allocation of goodwill is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets other than goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with a finite useful life are amortised on a straight line basis and are reviewed for impairment whenever there is an indication that the carrying amount exceeds the recoverable amount of the intangible asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Amortisation is charged over the assets useful life as follows:

Computer software	3 – 10 years
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The gain or loss on disposal of computer software is calculated as the difference between the proceeds received and the net book value of the asset on disposal, and is recognised on the date of disposal in exceptional items.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued)

Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for a period. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are substantively enacted at the balance sheet date.

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 recognised directly in other comprehensive income or equity respectively.

Deferred tax is recognised on all temporary differences arising from differences between the carrying amount of an asset or liability and its tax base, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting or taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses or credits carried forward can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date.

Pensions

Pension costs charged against profits in respect of the Company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

The Company also operates a defined benefit scheme. The pension liability recognised on the Balance sheet in respect of this scheme represents the difference between the present value of the Company's obligations (calculated using the projected unit credit method) under the scheme and the fair value of the scheme's assets. Re-measurement gains or losses are recognised in the period in which they arise within other comprehensive income. The unwinding of the discount rate on the scheme liabilities and the expected return on scheme assets are presented as finance costs and finance income respectively. Past service costs are recognised immediately in the statement of comprehensive income in personnel expenses.

Foreign currency

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is recorded in the statement of comprehensive income.

Revenue in advance

Monies received by the balance sheet date relating to holidays commencing and flights departing after the period end are included within current liabilities as revenue received in advance.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued)

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:

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so the nature of the item being hedged. The gain or loss on re-measurement to fair value on derivatives not designated as a hedging instrument is recognised immediately in the statement of comprehensive income. Derivatives are presented on the Balance Sheet on a gross basis. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

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 at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for irrecoverable amounts 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.

The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

Borrowings

Interest bearing borrowings are initially recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Where the Company has the intention and ability to pool account balances, the net cash or overdraft position is disclosed.

Where the intention or ability to pool balances together is absent, the cash and overdraft are disclosed on a gross basis in the balance sheet.

Provisions

The Company recognises a provision when:

- there is a present obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued) Provisions (continued)

Provisions are recognised at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is discounted to its present value.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

Leases

Operating lease rentals are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Share based payments

Thomas Cook Group plc issues equity-settled share options to certain employees as part of their total remuneration. The fair values of the share options are calculated at the date of grant, using an appropriate option pricing model. These fair values are charged to the statement of comprehensive income on a straight-line basis over the expected vesting period of the options, with a corresponding increase in equity.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

If market prices are not available, the Company estimates the fair value of the equity instruments granted using Black Scholes models and Monte Carlo simulations to estimate the price of options on the measurement date.

Share capital

Share capital is recorded when Thomas Cook Tour Operations limited issues equity at nominal value.

Share Premium

This account is created when ordinary shares are issued at a price in excess of their nominal value.

Key accounting estimates and judgements

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.

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:

Recoverable amounts of trade debtors, deposits and prepayments

Judgments have been made in respect of the volumes of future trading with hoteliers and the credit-worthiness of those hoteliers in order to assess the recoverable amounts of deposits and prepayments made to those hoteliers. See note 17.

The provision made in respect of trade receivables has been calculated on an estimation of the likely recovery of aged debt outstanding, and through evaluation of continued trading with the counterparty concerned. See note 17.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

2 Significant accounting policies (continued)

Key accounting estimates and judgements (continued)

Legal and customer claims provisions

Judgments have been made in respect of the quantum of potential settlement amounts and the probability of settlement of future claims in order to assess the increase or decrease required to the existing provision. See note 20.

Legal claims recoveries

Judgments have been made in respect of the virtual certainty of recovery from hoteliers of amounts paid out in legal claims. See note 17.

Retirement benefits

The financial statements include costs in relation to, and provision for, retirement benefit obligations. The costs and the present value of any related pension assets and liabilities depend on such factors as life expectancy of the members, the returns that plan assets generate and the discount rate used to calculate the present value of the liabilities. The Company uses previous experience and impartial actuarial advice to select the values of critical estimates. The estimates are disclosed in Note 27.

Tax

Tax assets and liabilities represent management's estimate of tax that will be payable or recoverable in the future and may be dependent on estimates of future profitability.

In addition, estimates have been made in respect of the probable future utilisation of tax losses and deferred tax assets have been recognised. The recoverability of these assets is dependent on the agreement of the losses with the relevant authorities and the estimates of future profitability.

Restatement of prior year balances

There has been a restatement of prior year retained earnings of £4,828k. This was in relation to prior year overstatement of debtors (note 17). The restatement is analysed as follows:

	2016	Adjustment	2016 Restated
	£'000	£'000	£'000
Value added tax recoverable	2,231	(1,800)	431
Other receivables	11,301	(3,028)	8,273
Debtors	245,207	(4,828)	240,379
Retained earnings	(1,901,263)	(4,828)	(1,906,091)
Revenue	(1,918,573)	1,800	(1,916,773)

3 Turnover

An analysis of the Company's revenue is as follows:

	2017	Restated
	2017	2016
	£'000	£'000
Sales of leisure travel services	1,818,056	1,916,773

4 Business and geographical segments

The Company has only one principal activity, which is the supply of leisure travel services. All results relate to this activity and originate in the United Kingdom.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

5 Exceptional Items

Exceptional costs of £18,534k for the year ended 30 September 2017 (2016: £14,265k) related to:

	2017 £'000	2016 £'000
Corporate restructuring and reorganisation costs	(8,082)	(2,558)
Running costs and impairment of vacated property held by another group undertaking	(509)	(892)
IT transformation	-	(203)
Legal and other expenses	(5,620)	(5,108)
New Operating Model Implementation costs	(896)	(5,504)
Allocated loss on disposal of assets held by another group undertaking	(876)	-
External events	(2,551)	-
	<u>(18,534)</u>	<u>(14,265)</u>

New Operating Model Implementation costs relate to the pillars of efficiencies and omni channel.

6 Operating expenses

	2017 £'000	2016 £'000
Management charge payable	(68,881)	(52,005)
Administrative expenses	(10,353)	(22,106)
	<u>(79,234)</u>	<u>(74,111)</u>

7 Other (losses) / gains - net

	2017 £'000	2016 £'000
Movements in the fair value of foreign exchange forward contracts (see note 21)	<u>(47,576)</u>	<u>49,863</u>

8 Finance income

	2017 £'000	2016 £'000
Bank interest receivable	5	18
Net interest income on defined benefit obligation	140	243
Interest receivable from Group companies	637	-
	<u>782</u>	<u>261</u>

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

9 Finance costs

	2017 £'000	2016 £'000
Interest payable on bank borrowings	(221)	(187)
Interest payable on group borrowings	(8,797)	(573)
	<u>(9,018)</u>	<u>(760)</u>

10 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation has been arrived at after (crediting)/ charging:

	2017 £'000	2016 £'000
Net foreign exchange losses	5,084	16,379
Depreciation of property, plant and equipment (see note 13)	1	1
Amortisation of intangibles	-	84
Exceptional operating items (see note 5)	18,534	14,265
Staff costs (see note 11)	8,338	19,726
Auditors' remuneration for audit services (see below)	292	230
	<u> </u>	<u> </u>

Auditors' remuneration is paid for centrally and recharged to the Company. Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of Thomas Cook Group plc.

11 Staff costs

The average monthly number of employees was:

	2017 Number	2016 Number
Tour Operations	<u>270</u>	<u>853</u>
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	7,156	18,367
Social security costs	732	745
Pension service costs	315	333
Other pension costs	135	281
	<u>8,338</u>	<u>19,726</u>

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

12 Tax on (loss) on ordinary activities

	2017 £'000	Restated 2016 £'000
Current tax		
UK corporation tax charge for the year	-	-
UK corporation tax adjustment in respect of prior years	(5,508)	261
Total current tax	<u>(5,508)</u>	<u>261</u>
Deferred tax		
Adjustments in respect of current year	(3,221)	(18,120)
Adjustments in respect of prior years	-	-
Total deferred tax	<u>(3,221)</u>	<u>(18,120)</u>
Total tax (credit) / charge	<u><u>(8,729)</u></u>	<u><u>(17,859)</u></u>

Corporation tax is calculated at 19.5% (2016: 20%) of the estimated assessable profit for the period. This is the weighted average tax rate for the period following a reduction in the standard rate of UK Corporation Tax from 20% to 19% effective from 1 April 2017.

Reconciliation of effective tax rate to statutory tax rate

The tax (credit) / charge for the year can be reconciled to the profit / (loss) per the statement of comprehensive income as follows:

	2017 £'000	Restated 2016 £'000
Loss on ordinary activities before taxation	(125,339)	(10,078)
Loss before tax multiplied by the current tax rate of 19.5% (2016: 20%)	<u>(24,441)</u>	<u>(2,016)</u>
Expenses/(Income) not deductible for tax purposes	1	87
Deferred tax not recognised	6,268	58
Adjustments in respect of prior years	(5,508)	261
Deferred tax no longer recognised / (Recognition of deferred tax not previously recognised)	-	(30,536)
Deferred tax effect of reduction in the main rate of Corporation Tax	2,502	2,726
Tax on pensions recognised in other comprehensive income	-	(563)
Group relief for nil consideration	12,449	12,124
Tax (credit) / charge for the period	<u><u>(8,729)</u></u>	<u><u>(17,859)</u></u>

In addition to the reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017), a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax on temporary differences and tax losses as at the balance sheet date is

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

12 Tax on (loss) on ordinary activities (continued)

calculated based on the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Finance (No. 2) Act 2017 was substantively enacted on 31 October 2017 and included legislation to amend the rules relating to the utilisation of brought forward losses and the deductibility of interest for corporation tax purposes. These new rules apply retrospectively from 1 April 2017. With substantive enactment taking place after the balance sheet date, the accounting standards do not require the impact of these rules to be accounted for until the period ended 30 September 2018. Due to the complexity of the legislation it is too soon to quantify the effect of the new rules if they had been applied at the balance sheet date.

13 Property, Plant and Equipment

	Freehold land and buildings £'000	Vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation				
At 1 October 2016	160	41	1,142	1,343
Disposals	(160)	(41)	(1,142)	(1,343)
At 30 September 2017	-	-	-	-
Accumulated depreciation and impairment				
At 1 October 2016	(160)	(41)	(1,140)	(1,341)
Charge for the year	-	-	(1)	(1)
Disposals	160	41	1,141	1,342
At 30 September 2017	-	-	-	-
Carrying amount				
At 30 September 2017	-	-	-	-
At 30 September 2016	-	-	2	2

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

14 Intangible Assets

	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 1 October 2016	394,248	219	394,467
Disposals	(394,248)	(219)	(394,467)
At 30 September 2017	-	-	-
Accumulated amortisation and impairment			
At 1 October 2016	(394,248)	(219)	(394,467)
Disposals	394,248	219	394,467
At 30 September 2017	-	-	-
Carrying amount			
At 30 September 2017	-	-	-
At 30 September 2016	-	-	-

Amortisation of £nil (2016: £84k) has been included within operating expenses.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

15 Investments

Investment in
subsidiary
undertakings
£'000

At 1 October 2016 and 30 September 2017

-

The directors consider the value of investments to be supported by their underlying assets.

At the year end the Company held investments in the following subsidiary undertakings:

	Country of Incorporation	% Ownership of ordinary shares	Principal activities
Thomas Cook Services Limited	England & Wales	100%	Active
Thomas Cook Destination Services Inc	United States	100%	Active
Thomas Cook Cruise Services Limited	England & Wales	100%	Dormant

16 Inventories

	2017 £'000	2016 £'000
Goods held for resale	198	146

The cost of inventory recognised as an expense and included in cost of sales amounted to £1,005k (2016: £795k).

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

17 Debtors

	2017 £'000	Restated 2016 £'000
Current assets		
Trade debtors	6,913	9,187
Less: provision for impairment of trade receivables	(2,041)	(2,539)
Trade receivables – net	4,872	6,648
Value added tax recoverable	1,911	431
Deposits and prepayments - net	48,418	40,953
Other receivables	26,433	8,273
Accrued Income	16,039	19,021
Amounts due from Group undertakings	355,853	154,250
	453,526	229,576
	2017 £'000	2016 £'000
Amounts falling due after more than one year		
Deposits and prepayments	11,185	10,803
Debtors	464,711	240,379

The amounts due from Group undertakings are unsecured. £143million (2016: £nil) of the amounts due from Group undertakings are interest bearing at the appropriate interbank interest rate plus a 0-3.5% margin. The rest of the amounts due from Group undertakings are receivables that are non-interest bearing.

18 Cash at bank and in hand

	2017 £'000	2016 £'000
Cash at bank and in hand	7,288	9,435
	2017 £'000	2016 £'000
Current borrowings		
Bank overdrafts due on demand and unsecured	(46)	(314,557)
These borrowings are denominated as follows:		
	2017 £'000	2016 £'000
Pound sterling	(46)	(314,557)

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

19 Trade and other payables

	2017 £'000	Restated 2016 £'000
Current liabilities		
Trade payables	(226,338)	(231,718)
Accruals and deferred income	(9,849)	(16,740)
Amounts due to Group undertakings	(1,821,568)	(1,273,387)
	<u>(2,057,755)</u>	<u>(1,521,845)</u>

All amounts due to Group undertakings are unsecured.

£358million (2016: £100million) of the amounts due to Group undertakings are interest bearing at the appropriate interbank interest rate plus a 0-3.5% margin.

£850million (2016:£600million) of the amounts due to Group undertakings are non-interest bearing loans and payable on demand.

The rest of the amounts due to Group undertakings are payables that are non-interest bearing.

	2017 £'000	Restated 2016 £'000
Non-current liabilities		
Loans payable to Group undertakings	<u>-</u>	<u>-</u>

20 Provisions for liabilities

		Total £'000
Other provisions		
At 1 October 2016		(26,020)
Additional provisions in the year		(67,342)
Provisions released		595
Utilisation of provisions		66,458
At 30 September 2017		<u>(26,309)</u>
	2017	2016
	£'000	£'000
Included in current liabilities	(22,166)	(26,020)
Included in non-current liabilities	(4,143)	-
	<u>(26,309)</u>	<u>(26,020)</u>

Other provisions principally relate to legal and customer claims.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

21 Financial instruments

Derivative financial instruments

The fair values of derivative instruments as at 30 September 2017

	Currency contracts £'000
At 1 October 2016	45,912
Movement in fair value during the year	(47,576)
At 30 September 2017	(1,664)

Derivative financial assets	2017 £'000	2016 £'000
Amounts falling due within one year	12,218	44,374
Amounts falling due after one year	905	1,846
	<u>13,123</u>	<u>46,220</u>

Derivative financial liabilities	2017 £'000	2016 £'000
Current liabilities	(13,520)	(7)
Non-current liabilities	(1,267)	(301)
	<u>(14,787)</u>	<u>(308)</u>

The Company uses derivative instruments to hedge against significant future transactions and cash flows denominated in foreign currencies. The Company enters into a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. Notional internal contracts are entered into with Thomas Cook Group Treasury Limited. These internal contracts do not qualify as cash flow hedges and hence any gain/loss on the fair value of these contracts is immediately recognised in the statement of comprehensive income.

Currency hedges are entered into between 12 to 24 months in advance of a tourist season and denominated in the underlying exposure currencies.

The Company undertakes hedging transactions to mitigate the risk of unfavourable changes in the prices.

The fair values of the Company's derivative financial instruments set out above have been determined by reference to prices available from the markets in which the instruments are traded.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

22 Deferred taxation

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. The offset amounts are as follows:

	2017 £'000	2016 £'000
Deferred tax assets	52,404	58,102
Deferred tax liabilities	(1,861)	(9,312)
Deferred tax assets (net)	<u>50,543</u>	<u>48,790</u>

The gross movement on the deferred income tax account is as follows:

	2017 £'000	2016 £'000
Beginning of period	48,790	30,624
Income statement (charge)/credit	3,221	18,120
(Charged)/credited direct to equity	(1,468)	46
End of period	<u>50,543</u>	<u>48,790</u>

Movements on the deferred taxation assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	Retirement benefit obligations £'000	Other £'000	Total £'000
Balance at 1 October 2015	(644)	-	(644)
Charged to the income statement	107	(8,821)	(8,714)
Charged directly to other comprehensive income	46	-	46
Balance at 30 September 2016	<u>(491)</u>	<u>(8,821)</u>	<u>(9,312)</u>
Charged to the income statement	98	8,821	8,919
Charged directly to other comprehensive income	(1,468)	-	(1,468)
Balance at 30 September 2017	<u>(1,861)</u>	<u>-</u>	<u>(1,861)</u>

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

22 Deferred taxation (continued)

Deferred tax assets

	Tax losses £'000	Total £'000
Balance at 1 October 2015	31,268	31,268
Charged to the income statement	26,834	26,834
Balance at 30 September 2016	58,102	58,102
Charged to the income statement	(5,698)	(5,698)
Balance at 30 September 2017	52,404	52,404

At the balance sheet date, the company had unused tax losses of £1,275.3 million (2016: £1,243.9 million restated) and other deductible short term temporary differences of £22.4 million (2016: £21.4 million) available for offset against future profits. In addition, the company had short term temporary differences of £10.3 million (2016: £48.5 million) that will be chargeable in later periods. No deferred tax asset has been recognised in respect of unused tax losses of £985.4 million (2016: £938.1 million restated) and deductible short term temporary differences of £22.4 million (2016: £20.7 million) due to the unpredictable nature of future profits.

23 Called up share capital

	2017 £'000	2016 £'000
Authorised:		
250,000 (2016: 250,000) ordinary shares of £1 each	250	250
Issued and fully paid:		
51,000 (2016: 51,000) ordinary shares of £1 each	51	51

The Company has one class of ordinary shares which carry no right to fixed income.

24 Share premium account

	£'000
Balance at 1 October 2016 and 30 September 2017	121,186

25 Operating lease arrangements

Company as lessee

At the balance sheet date, the Company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

26 Share based payments

Equity-settled share option scheme

The Group operates five equity-settled share-based payment schemes. Those relevant to the Company are outlined below. The total charge recognised during the year in respect of equity-settled share-based payment transactions was £nil (2016: £nil).

The Thomas Cook Group plc 2007 Performance Share Plan (PSP)

Executive Directors and senior executives of the Group and its subsidiaries are granted options to acquire, or contingent share awards of, the ordinary shares of the Group. The awards will vest if performance targets are met during the 3 years following the date of grant.

The Thomas Cook Group plc 2011 Restricted Share Plan (RSP)

Senior management of the Group and its subsidiaries are granted options to acquire, or contingent share awards of, the ordinary shares of the Group. Executive Directors are excluded from receiving awards under the RSP. The Group will determine at the date of award whether the award will be subject to a performance target and the date of vesting.

The exercise price of awards outstanding at the year end and the average remaining contractual life of these awards were:

	2017	
	PSP	RSP
Exercise price (£)	-	-
Average remaining contractual life (years)	1.1	1.4
	2016	
	PSP	RSP
Exercise price (£)	-	-
Average remaining contractual life (years)	1.7	1.1

27 Retirement benefit schemes

The pension entitlements of certain employees are provided through funded defined benefit schemes where pension contributions are paid over to the schemes and the assets of the schemes are held separately from those of the Company in funds under the control of trustees. Pension costs are assessed in accordance with the advice of qualified actuaries. The fair value of the pension assets in each scheme at the year-end is compared with the present value of the retirement benefit obligations and the net difference reported as a pension asset or retirement benefit obligation as appropriate. Pension assets are only recognised to the extent that they will result in reimbursements being made or future payments being reduced.

The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on a member's length of service and their salary in the final years of active membership. In the plans, pensions in payment are generally updated in line with retail price index, pensions in deferment are generally updated in line with consumer price index.

The Scheme currently has part of its assets invested in a liability driven investment portfolio. These assets, in combination with the other protection assets in the portfolio, provide interest rate and inflation rate protection relative to 40% of the value of the total scheme assets.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

27 Retirement benefit schemes (continued)

The amounts recognised in the balance sheet are determined as follows:

	2017 £'000	2016 £'000
Present value of funded obligations	(236,148)	(249,131)
Fair value of scheme assets	246,442	251,719
Asset in the balance sheet	10,294	2,588

Following the 2011 actuarial valuation of the Thomas Cook UK pension plan, a Recovery Plan was agreed with the pension trustees to fund the actuarial deficit. Following the 2014 actuarial valuation, the Recovery Plan was extended. During the year ended 30 September 2017, Thomas Cook UK Limited paid instalments totalling £26m in line with the recovery plan.

In addition to instalments made under the recovery plan, the contributions made during the year totalled £2,853k (2016: £2,854k). The Company is expected to make aggregate contributions to its funded defined benefit scheme of £2,858k during the year commencing 1 October 2017. The Company does not expect the level of total contributions to vary materially in the foreseeable future.

The movement in the defined benefit obligation over the year is as follows:

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 October 2016	(249,131)	251,719	2,588
Interest (expense) / income	(3,247)	3,386	139
Expenses paid	-	(146)	(146)
	(252,378)	254,959	2,581
Re-measurements			
- Return on plan assets, excluding amounts included in interest income	-	(5,958)	(5,958)
- Loss from change in financial assumptions	6,596	-	6,596
- Experience gains and demographic assumptions	4,222	-	4,222
	10,818	(5,958)	4,860
Employers contributions	-	2,853	2,853
Benefit payments from plan	5,412	(5,412)	-
At 30 September 2017	(236,148)	246,442	10,294

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

27 Retirement benefit schemes (continued)

The significant actuarial assumptions were as follows:

	2017 %	2016 %
Discount rate for scheme liabilities	2.70	2.40
Inflation rate (RPI)	3.10	3.00
Expected return of salary increases	0.00	0.00
Future pension increases	0.00	0.00

The mortality assumptions adopted for the plan liabilities indicate a further life expectancy for members currently aged 65 of 23.3 years for men and 25.2 years for women.

The fair value of the plan assets is detailed below:

	2017		2016	
	£000	Proportion of total assets	£000	Proportion of total assets
Cash and cash equivalents	1,998	0.8%	1,471	0.6%
Equity instruments	21,097	8.6%	18,350	7.4%
Debt instruments	92,856	37.7%	76,195	30.9%
Real estate	9,974	4.0%	10,620	4.3%
Derivatives	-	0.0%	117,988	47.9%
Investment funds	117,164	47.5%	23,534	9.5%
Assets held by insurance company	3,353	1.4%	3,561	1.4%
	<u>246,442</u>		<u>251,719</u>	

The scheme assets do not include any of the Company's own financial instruments, nor any property occupied by, or other assets used by, the Company.

A quantitative sensitivity analysis for significant assumptions as at 30 September 2017 is, as shown below:

	2017 Impact on defined benefit obligation
Discount rate - 25 basis points	14,020
Discount rate + 25 basis points	(13,090)
Price inflation rate - 25 basis points	(10,676)
Price inflation rate + 25 basis points	11,465
Post-retirement mortality assumption + 1 year	5,418

Further information on retirement benefit schemes can be found on pages 159 to 163 of the Group's annual report.

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

27 Retirement benefit schemes (continued)

Defined Contribution Scheme

The Thomas Cook Group operates a defined contribution retirement pension scheme for all qualifying employees. The total pension charge for the year amounts to £0.3 million (2016: £0.3 million) and represents contributions payable to the scheme by the Company at rates specified in the rules of the scheme. No amounts were outstanding at either year end.

The assets of this scheme are held separately from those of the Company in funds under the control of trustees.

28 Contingent liabilities

At 30 September 2017 the Company has given guarantees and counter indemnities to banks totalling £18.6m (2016: £16.4m) in respect of bonding, letter of credit and guarantee facilities.

The Company is also a guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group. The Group potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £313.4m (2016: £311.6m).

In addition to this, the Company is 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 £28.4m (2016: £19.6m).

In addition, the Company is one of the guarantors of the EUR and GBP bonds issued by the Group. Each of the guarantors is joint & severally liable for the £1,000m (2016: £979m) bond amount.

In the ordinary course of its business, the Company is subject to commercial disputes and litigation including customer claims, employee disputes and other kinds of lawsuits. These matters are inherently difficult to quantify. In appropriate cases, a provision is recognised based on best estimates and management judgement but there can be no guarantee that these provisions will result in an accurate prediction of the actual costs and liabilities that may be incurred. There are also contingent liabilities in respect of litigation for which no provisions are made.

29 Related party transactions

The company has taken advantage of the exemption available under FRS 101 to disclose only transactions with non-wholly owned companies in the Group.

Transactions between the Company and non-wholly owned members of the Group are disclosed below.

Trading transactions	Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-wholly owned subsidiaries	115,038	106,411	184,937	101,838	(83)	(7)

Thomas Cook Tour Operations Limited

Notes to the financial statements Year ended 30 September 2017

29 Related party transactions (continued)

The Company's revenue represents the aggregate amount of gross revenue receivable from inclusive tours and other services supplied to customers in the ordinary course of business. Any commission costs paid to the related party distributors are recognised as part of the cost of sales. Therefore, as the related party distributors only recognise the commission receivable element of a holiday payment in the statement of comprehensive income, this also has been disclosed above as a purchase.

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.

Other trading transactions

There were no other trading transactions with related parties.

30 Directors' remuneration

Directors' emoluments

There were directors who held office during the period were also directors of another company within the group, Thomas Cook UK Limited, (TCUK) and their emoluments for services to the Group and any pension contributions to defined contribution schemes are disclosed in the report and accounts of that company. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the company and of fellow company undertakings.

The aggregate emoluments of the directors of the Company for the prior year totalled £88k in respect of qualifying services and aggregate Company pension contributions to defined contribution schemes totalled £5k.

During the prior year the Directors (including the highest paid Director) exercised their share options.

The aggregate emoluments of the highest paid director for the prior year totalled £352k in respect of qualifying services and aggregate Company pension contributions to defined contribution schemes totalled £22k. The disclosure for the highest paid director includes all of that director's remuneration received in the year. This has been paid by TCUK and has been allocated to the remuneration of directors by a 4-way split due to the director also holding directorships in other Group companies.

Directors' transactions

There were no loans, quasi-loans or other transactions with directors (or other key management personnel) which would need to be disclosed under the requirements of Schedule 6 of the Companies Act or IAS 24, "Related party disclosures".

31 Ultimate controlling party

The Company is a subsidiary of Thomas Cook Group UK Limited, which is incorporated in England and Wales.

Thomas Cook Group plc, incorporated in England and Wales, 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 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.