

**TUI Travel Overseas Holdings Limited**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**for the year ended 30 September 2010**



**Company number 4998708**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of TUI Travel Overseas Holdings Limited ("the Company") for the year ended 30 September 2010

### **Principal activity**

The Company's principal activity during the year continued to be that of a holding company

### **Results and dividends**

The Company's loss on ordinary activities before taxation for the year ended 30 September 2010 was £517,081 (2009 £716,458). No dividends were paid during the year (2009 £nil) and the Directors do not recommend the payment of a final dividend

### **Business review**

Since the Company is a non-trading company, the Company's business performance, risks and uncertainties and key performance indicators are wholly driven by the underlying operating performance of its subsidiaries. The Company's investments are listed in Note 8.

The Company is an integral part of the TUI Travel PLC group of companies ("the Group"). The business review, key performance indicators and risks and uncertainties of TUI Travel PLC for the year ended 30 September 2010 are included in the consolidated financial statements of that company (which can be obtained from the TUI Travel PLC address given in Note 15).

### **Funding and liquidity**

The Directors have considered the funding and liquidity position of the Company and of its intermediate parent company TUI Travel PLC. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis. Please also refer to note 1.

### **Directors**

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

J Walter  
R S Wheatley

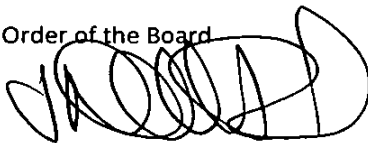
### **Directors' insurance**

The intermediate parent company, TUI Travel PLC, maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company.

### **Statement as to disclosure of information to auditors**

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



J Walter  
Director

Company Number 4998708

Dated 16 March 2011

**Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements for the year ended 30 September 2010**

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

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

*The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities*

### **Report of the independent auditors to the members**

We have audited the financial statements of TUI Travel Overseas Holdings Limited for the year ended 30 September 2010 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

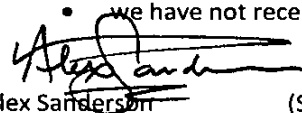
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matter on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
P Alex Sanders (Senior Statutory Auditor)  
For and on behalf of KPMG Audit Plc Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

18<sup>th</sup> March 2011

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 September 2010**

|                                                    | Note | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|----------------------------------------------------|------|-----------------------------------------|-----------------------------------------|
| Administrative expenses                            |      | <u>(9,788)</u>                          | <u>(498)</u>                            |
| <b>Operating loss</b>                              | 3    | <u>(9,788)</u>                          | <u>(498)</u>                            |
| Loss on disposal of investments                    | 8    | -                                       | (637,103)                               |
| <b>Loss on ordinary activities before interest</b> |      | <u>(9,788)</u>                          | <u>(637,601)</u>                        |
| Interest receivable and similar income             | 4    | 414                                     | -                                       |
| Interest payable and similar charges               | 5    | <u>(507,707)</u>                        | <u>(78,857)</u>                         |
| <b>Loss on ordinary activities before taxation</b> |      | <u>(517,081)</u>                        | <u>(716,458)</u>                        |
| Tax on loss on ordinary activities                 | 6    | 144,783                                 | 22,219                                  |
| <b>Loss for the financial year</b>                 | 13   | <u>(372,298)</u>                        | <u>(694,239)</u>                        |

The notes on pages 6 to 11 form part of these financial statements

The results stated above are all derived from continuing operations

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

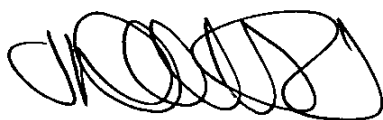
There are no recognised gains and losses other than those included in the profit and loss account

**BALANCE SHEET**  
**At 30 September 2010**

|                                                       |             | <b>30 September<br/>2010</b> | <b>30 September<br/>2009</b> |
|-------------------------------------------------------|-------------|------------------------------|------------------------------|
|                                                       | <b>Note</b> | <b>£</b>                     | <b>£</b>                     |
| <b>Fixed assets</b>                                   |             |                              |                              |
| Intangible fixed assets                               | 7           | <b>161,626</b>               | -                            |
| Investments                                           | 8           | <b>4,629,395</b>             | <b>342,900</b>               |
|                                                       |             | <b>4,791,021</b>             | <b>342,900</b>               |
| <b>Current assets</b>                                 |             |                              |                              |
| Debtors                                               | 9           | <b>8,477,137</b>             | 23,116                       |
| Cash at bank and in hand                              |             | -                            | <b>221,598</b>               |
|                                                       |             | <b>8,477,137</b>             | <b>244,714</b>               |
| <b>Creditors: amounts falling due within one year</b> | 10          | <b>(14,334,694)</b>          | <b>(1,281,852)</b>           |
| <b>Net current liabilities</b>                        |             | <b>(5,857,557)</b>           | <b>(1,037,138)</b>           |
| <b>Total assets less current liabilities</b>          |             | <b>(1,066,536)</b>           | <b>(694,238)</b>             |
| <b>Net liabilities</b>                                |             | <b>(1,066,536)</b>           | <b>(694,238)</b>             |
| <b>Capital and reserves</b>                           |             |                              |                              |
| Called up share capital                               | 11          | <b>1</b>                     | 1                            |
| Profit and loss account                               | 12          | <b>(1,066,537)</b>           | <b>(694,239)</b>             |
| <b>Shareholders' deficit - equity</b>                 | 13          | <b>(1,066,536)</b>           | <b>(694,238)</b>             |

The notes on pages 6 to 11 form part of these financial statements

The financial statements were approved by the Board on 16 March 2011 and signed on their behalf by



J Walter  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

### 1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, except as noted below

#### Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### Going concern

At 30 September 2009 and 2010, the Company had net current liabilities and net liabilities. The accounts are prepared on the going concern basis as the immediate parent company, TUI Travel PLC, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the Group.

#### Investments

Investments are stated at cost less provision for impairment. Impairment reviews are carried out if there is an indication of a reduction in value.

#### Foreign currency translation and financial instruments

Monetary assets and liabilities denominated in currencies other than pounds sterling are translated at year end rates of exchange. To the extent that foreign currency denominated monetary assets and liabilities are covered by forward exchange contracts, these are translated at the appropriate contract rate. Foreign exchange gains and losses are recognised in the profit and loss account.

#### Taxation

UK Corporation Tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

#### Licences

Amortisation of licences are charged on a straight-line basis over the licence period.

#### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment. Dividends receivable are recognised as an asset in the Company's financial statements in the period in which the Company's investment recognises the dividend liability in its financial statements.

### 2. Segmental analysis

The Company has one class of business, namely acting as a holding company. The Company did not trade during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)

### 3. Operating loss

In 2010 and 2009, the auditors' remuneration was borne by another Group company. The audit fee relating to the Company was as follows:

|                                   | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|-----------------------------------|-----------------------------------------|-----------------------------------------|
| Fees for the audit of the Company | <u>3,000</u>                            | <u>3,000</u>                            |

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

In both the current and prior year, the Directors received no remuneration for their services to the Company during the year (2009: £nil). The Company had no employees in either year other than the Directors.

### 4. Interest receivable and similar income

|               | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|---------------|-----------------------------------------|-----------------------------------------|
| Bank interest | 414                                     | -                                       |

### 5. Interest payable and similar charges

|                              | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|------------------------------|-----------------------------------------|-----------------------------------------|
| Foreign exchange loss        | 46,350                                  | 8,386                                   |
| On bank loans and overdrafts | 2,044                                   | 24,189                                  |
| Payable to group companies   | 459,313                                 | 46,282                                  |
|                              | <u>507,707</u>                          | <u>78,857</u>                           |

### 6. Taxation on loss on ordinary activities

#### (i) Analysis of tax credit in year

|                                                               | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|---------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Current tax                                                   |                                         |                                         |
| - Amount receivable from fellow subsidiaries for group relief | (144,783)                               | (22,219)                                |
| <b>Tax credit on loss on ordinary activities</b>              | <u>(144,783)</u>                        | <u>(22,219)</u>                         |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)**

**6. Taxation on loss on ordinary activities (continued)**

**(ii) Factors affecting tax credit for the year**

The current tax credit for the year is equal to (2009 lower than) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

|                                                                                           | Year ended<br>30 September<br>2010<br>£ | Year ended<br>30 September<br>2009<br>£ |
|-------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Loss on ordinary activities before tax                                                    | <u>(517,081)</u>                        | <u>(716,458)</u>                        |
| Loss on ordinary activities at the standard rate of UK corporation tax of 28 % (2009 28%) | <b>(144,783)</b>                        | (200,608)                               |
| Effects of                                                                                |                                         |                                         |
| - Expenses not deductible for tax purposes                                                | -                                       | 178,389                                 |
| Current tax credit for year                                                               | <u><b>(144,783)</b></u>                 | <u>(22,219)</u>                         |

**(iii) Factors affecting the future tax charge**

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods after taking into account expenditure not deductible for taxation and any non-taxable income. The statutory rate of UK corporation tax is reduced to 27% with effect from 1 April 2011.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at the current or prior year end.

**7. Intangible fixed assets**

|                                 | Licences<br>£         |
|---------------------------------|-----------------------|
| <b>Cost:</b>                    |                       |
| 1 October 2009                  | -                     |
| Additions                       | 170,132               |
| <b>30 September 2010</b>        | <u><b>170,132</b></u> |
| <b>Accumulated amortisation</b> |                       |
| 1 October 2009                  | -                     |
| Charge for the year             | (8,506)               |
| <b>30 September 2010</b>        | <u><b>(8,506)</b></u> |
| <b>Net book value</b>           |                       |
| <b>30 September 2010</b>        | <u><b>161,626</b></u> |
| 30 September 2009               | -                     |

The Company purchased a 15-year licence in January 2010 to use the Williment Travel Group Limited (a fellow Group subsidiary) trademarks. Amortisation of the licence is charged on a straight-line basis over the licence period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)

### 8. Investments

|                                            | Investments<br>in subsidiary<br>undertakings<br>£ |
|--------------------------------------------|---------------------------------------------------|
| <b>Cost:</b>                               |                                                   |
| As at 1 October 2009                       | 342,900                                           |
| Additions                                  | 4,286,495                                         |
| <b>As at 30 September 2010</b>             | <b>4,629,395</b>                                  |
| <b>Provision for diminution in value:</b>  |                                                   |
| As at 1 October 2009 and 30 September 2010 | -                                                 |
| <b>Net book value.</b>                     |                                                   |
| <b>As at 30 September 2010</b>             | <b>4,629,395</b>                                  |
| As at 30 September 2009                    | 342,900                                           |

During the year to 30 September 2010 the Company acquired shareholdings in TTOHL Otel Hizmetleri Turizm Ve Ticaret AS (£3 18m), Travel Sense AS (£0 34m) and Intercoast Shoreside & Port Services Canada, Inc (formerly Select World Pty Limited) (£0 77m) No shareholdings were previously held in these such that the ownership of ordinary shares listed below is that acquired in the period

During the year to 30 September 2009 the Company sold its 4 8% shareholding in Travel Partner Bulgaria EOOD to a fellow Group subsidiary at an independently calculated fairvalue of €300,432 (£276,622) This resulted in a loss on disposal of €691,941 (£637,103)

#### Investment in principal subsidiary undertakings

| Name                                                | % ownership<br>of ordinary<br>shares | Country of<br>incorporation | Principal activity        |
|-----------------------------------------------------|--------------------------------------|-----------------------------|---------------------------|
| Intercoast Shoreside & Port Services<br>Canada, Inc | 100                                  | Canada                      | Destination management    |
| Jetair Travel Distribution N V                      | 51                                   | Belgium                     | Tour operating            |
| Travel Sense AS                                     | 90 74                                | Denmark                     | Tour operating            |
| TTOHL Otel Hizmetleri Turizm Ve Ticaret AS          | 99 99                                | Turkey                      | Hotel management services |

The Directors believe that the book value of the investments is supported by their underlying net assets

### 9. Debtors

|                                    | 30 September<br>2010<br>£ | 30 September<br>2009<br>£ |
|------------------------------------|---------------------------|---------------------------|
| Amounts owed by Group undertakings | 8,310,135                 | 897                       |
| Group relief receivable            | 167,002                   | 22,219                    |
|                                    | <b>8,477,137</b>          | <b>23,116</b>             |

Amounts owed by Group undertakings are unsecured and have no fixed date of repayment Balances with dormant companies are interest free and all others bear interest at the Bank of England base rate Other debtors consists wholly of group relief receivable

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)**

| 10 Creditors, amounts falling due within one year | 30 September<br>2010<br>£ | 30 September<br>2009<br>£ |
|---------------------------------------------------|---------------------------|---------------------------|
| Bank loans and overdrafts                         | 67,777                    | -                         |
| Amounts due to Group undertakings                 | 14,266,917                | 1,281,852                 |
|                                                   | <u>14,334,694</u>         | <u>1,281,852</u>          |

Amounts due to Group undertakings are unsecured and have no fixed date of repayment. Balances with dormant companies are interest free and all others bear interest at the Bank of England base rate.

| 11. Called up share capital | 30 September<br>2010<br>£ | 30 September<br>2009<br>£ |
|-----------------------------|---------------------------|---------------------------|
| Issued and fully paid       |                           |                           |
| 1 ordinary share of £1 each | <u>1</u>                  | <u>1</u>                  |

| 12. Reserves                | Profit and<br>loss account<br>£ |
|-----------------------------|---------------------------------|
| At 1 October 2009           | (694,239)                       |
| Loss for the financial year | (372,298)                       |
| At 30 September 2010        | <u>(1,066,537)</u>              |

| 13. Reconciliation of movement in shareholders' deficit | £                  |
|---------------------------------------------------------|--------------------|
| Opening shareholders' deficit                           | (694,238)          |
| Loss for the financial year                             | (372,298)          |
| Closing shareholders' deficit                           | <u>(1,066,536)</u> |

All shareholder funds relate to equity interests

**14. Related party transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI Travel PLC.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)**

**15. Ultimate parent company**

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company. The immediate holding company is TUI Travel PLC.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from the Company Secretary TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website [www.tuitravelplc.com](http://www.tuitravelplc.com). Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or the TUI website address [www.tui-group.com](http://www.tui-group.com).