

TUI Travel Overseas Holdings Limited
Directors' report and financial statements
for the year ended 30 September 2012
Company number 4998708

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TUI Travel Overseas Holdings Limited
Report of the Directors for the year ended 30 September 2012

The Directors present their report and the audited financial statements of TUI Travel Overseas Holdings Limited ("the Company") for the year ended 30 September 2012

Principal activity

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

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2012 was £2,780,391 (2011 £2,739,362 loss). The loss in the prior year included the write off of an intercompany debtor balance of £1,042,548. No dividends were paid during the year (2011 £nil) and the Directors do not recommend the payment of a final dividend.

Business review

Since the Company is a holding 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 7.

During the year the Company benefited from a receipt of £7,524,762 from TUI AG, the ultimate controlling party, to compensate the Company for certain losses incurred by the Magic Life companies prior to their acquisition. The Company made three capital injections totalling £8,103,547 into Travel Choice Limited and it disposed of its shareholding in Travel Sense A/S for a loss of £1,268,208.

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 2012 are included in the consolidated financial statements of that company (which can be obtained from the TUI Travel PLC address given in Note 17).

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 who were in office during the year and up to the date of signing the financial statements were

J Walter
R S Wheatley

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Directors' insurance

Throughout the financial year and at the date of approval of these financial statements, the intermediate parent company, TUI Travel PLC, maintained Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to auditors

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

By Order of the Board



J Walter
Director

Company Number 4998708

Dated 12 February 2013

We have audited the financial statements of TUI Travel Overseas Holdings Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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 Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Archie Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

14 February 2013

TUI Travel Overseas Holdings Limited
Profit and loss account for the year ended 30 September 2012

	Note	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Administrative expenses	2	(12,880)	(1,054,835)
Other operating income	2	<u>7,524,762</u>	<u>-</u>
Profit / (loss) on ordinary activities before interest and taxation		7,511,882	(1,054,835)
Interest receivable and similar income	3	139,913	2,558
Loss on disposal of investment	2	(1,268,208)	-
Interest payable and similar charges	4	<u>(3,603,196)</u>	<u>(1,687,085)</u>
Profit / (loss) on ordinary activities before taxation	2	2,780,391	(2,739,362)
Tax on profit / (loss) on ordinary activities	5	(1,042,802)	455,281
Profit / (loss) for the financial year	13	<u>1,737,589</u>	<u>(2,284,081)</u>

The results stated above are all derived from continuing operations

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

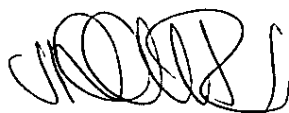
The Company has no recognised gains and losses other than those included in the profit and loss account Accordingly no statement of total recognised gains and losses is presented

TUI Travel Overseas Holdings Limited
Balance sheet as at 30 September 2012

		30 September 2012	30 September 2011
	Note	£	£
Fixed assets			
Intangible fixed assets	6	137,996	149,339
Investments	7	<u>13,657,676</u>	<u>7,039,730</u>
		13,795,672	7,189,069
Current assets			
Debtors	8	41,968,124	53,473,288
Cash at bank and in hand		<u>124,690</u>	<u>351,690</u>
		42,092,814	53,824,978
Creditors: amounts falling due within one year	9	<u>(57,499,627)</u>	<u>(64,193,409)</u>
Net current liabilities		(15,406,813)	(10,368,431)
Total assets less current liabilities		<u>(1,611,141)</u>	<u>(3,179,362)</u>
Creditors: amounts falling due after more than one year	10	-	(169,368)
Provisions for liabilities	11	(1,887)	(1,887)
Net liabilities		<u>(1,613,028)</u>	<u>(3,350,617)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	(1,613,029)	(3,350,618)
Total shareholders' deficit	14	<u>(1,613,028)</u>	<u>(3,350,617)</u>

The notes on pages 6 to 12 form part of these financial statements

The financial statements were approved by the Board on 12 February 2013 and signed on their behalf by



J Walter
Director

1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, 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 financial statements. 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 2012 and 2011, the Company had net current liabilities and net liabilities. The financial statements 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 diminution in value. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If such an indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an investment exceeds its recoverable amount.

Foreign currency translation

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contractual rate if applicable and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates.

Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods.

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012.

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013.

1. Accounting policies (continued)

Further proposals to reduce the main UK corporation tax rate to 21% on 1 April 2014 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements

This may reduce the Company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction. Although this should further reduce the Company's future current tax charge, it is estimated that this will not have a material effect on the Company.

Licences

Licences are stated at historical purchase cost less accumulated amortisation. Amortisation of licences are charged on a straight-line basis over the licence period.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow of economic benefits can be reliably established. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

2. Profit / (loss) on ordinary activities before taxation

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Amortisation of intangible fixed assets	(11,343)	(12,287)
Other operating income	7,524,762	-
Loss on disposal of investment	(1,268,208)	-
Write off of intercompany debtor balance	-	(1,042,548)

Other operating income of £7,524,762 reflects a re-charge to the ultimate parent company, TUI AG, in respect of the Supplemental Agreement between the Company, TUI Travel PLC and TUI AG, dated 6 June 2011, whereby TUI AG agreed to compensate the Company for certain losses incurred by the Magic Life companies prior to their acquisition.

The loss on disposal of investment arises from the disposal of Travel Sense A/S for cash consideration of £217,393 (book value £1,485,601).

In 2012 and 2011, the auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee related to this entity.

There were no employees of the Company in the years ending 30 September 2012 and 2011.

The remuneration of the Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company. These Directors are also Directors of a number of companies within the Group, and it is therefore not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies for which they are a Director.

3. Interest receivable and similar income

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Foreign exchange gain	134,324	-
Bank interest	5,589	2,558
	<u>139,913</u>	<u>2,558</u>

4 Interest payable and similar charges

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Foreign exchange loss	-	32,039
On bank loans and overdrafts	1,505	10,470
Payable to Group undertakings	3,601,691	1,644,576
	<u>3,603,196</u>	<u>1,687,085</u>

5. Taxation on profit / (loss) on ordinary activities

(i) Analysis of tax charge/ (credit) in year

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Current tax		
- Amount payable to/ (receivable from) fellow subsidiaries for group relief	587,521	(455,281)
- Adjustment in respect of previous year	455,281	-
Total current tax	<u>1,042,802</u>	<u>(455,281)</u>
Deferred tax		
Origination and reversal of timing differences		
- Current year	424,629	-
- Adjustment in respect of previous year	(424,629)	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax charge / (credit) on profit/ (loss) on ordinary activities	<u>1,042,802</u>	<u>(455,281)</u>

5. Taxation on profit / (loss) on ordinary activities (continued)

(ii) Factors affecting tax charge / (credit) for the year

The current tax charge (2011 credit) for the year is higher than (2011 lower than) the standard rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Profit / (loss) on ordinary activities before tax	<u>2,780,391</u>	<u>(2,739,362)</u>
Profit / (loss) on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	695,098	(739,628)
Expenses not deductible for tax purposes	317,052	284,347
Income not taxable for tax purposes	(1,881,191)	-
Effect of capital gains	1,881,191	-
Adjustment in respect of previous year	455,281	-
Utilisation of tax losses	<u>(424,629)</u>	<u>-</u>
Current tax charge / (credit) for year	<u>1,042,802</u>	<u>(455,281)</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. The statutory rate of UK corporation tax is reduced to 23% with effect from 1 April 2013.

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

6 Intangible fixed assets

	Licences £
Cost	
1 October 2011 and 30 September 2012	<u>170,132</u>
Accumulated amortisation	
1 October 2011	(20,793)
Charge for the year	(11,343)
30 September 2012	<u>(32,136)</u>
Net book value :	
30 September 2012	<u>137,996</u>
30 September 2011	<u>149,339</u>

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.

7. Investments

	Investments in subsidiary undertakings £
Cost:	
As at 1 October 2011	7,039,730
Additions	8,103,547
Disposals	(1,485,601)
As at 30 September 2012	13,657,676
Net book value	
As at 30 September 2012	13,657,676
As at 30 September 2011	7,039,730

Movements on investments comprise the following transactions which occurred during the year ended 30 September 2012

- The Company made the following capital injections into Travel Choice Limited
 - 23 January 2012 - £833,144
 - 8 May 2012 - £1,623,488
 - 26 June 2012 - £5,646,915
- On 31 July 2012 the Company transferred the entire issued share capital, being 50,000,000 shares of DKK 0.01 each, in the Danish-registered subsidiary Travel Sense A/S to MyPlanet Holding A/S, a fellow subsidiary for cash consideration of £217,393, generating a loss on disposal of £1,268,208

Investment in principal subsidiary undertakings

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Inter cruises Shoreside & Port Services Canada, Inc	100	Canada	Destination management
Jetair Travel Distribution N V	51	Belgium	Tour operating
Suntopia Otel Hizmetleri Turizm Ve Ticaret AS	49	Turkey	Hotel management services
Magic Life Der Club International Turizm Hizmetleri AS	99.97	Turkey	Hotel operator
Magic Life Hotels, S L	100	Spain	Hotel operator
Magic Life Tunisie S A	100	Tunisia	Hotel operator
Magic Tourism International S A	97	Tunisia	Hotel operator
Magic Life Greece Tourist Enterprises Limited Liability Company	99.9	Greece	Hotel operator
Blue Diamond Hotels and Resorts Inc	49	Barbados	Holding company
TUI Holdings (Australia) Pty Limited	100	Australia	Holding company
Travel Choice Limited	100	UK	Holding company
Meetings & Events International Limited	100	UK	Holding company

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

TUI Travel Overseas Holdings Limited
Notes to the financial statements for the year ended 30 September 2012

8. Debtors

	30 September 2012 £	30 September 2011 £
Amounts owed by Group undertakings	41,968,124	52,851,005
Group relief receivable	-	622,283
	<u>41,968,124</u>	<u>53,473,288</u>

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are interest free

9. Creditors: amounts falling due within one year

	30 September 2012 £	30 September 2011 £
Group relief payable	420,519	-
Deferred consideration	155,740	171,249
Amounts owed to Group undertakings	56,923,368	64,022,160
	<u>57,499,627</u>	<u>64,193,409</u>

Amounts due to Group undertakings are unsecured and bear interest at 5% above the 6-month LIBOR

The deferred consideration balance includes an amount of £155,211 (DKK1,450,000) which is due on 6 January 2013 in respect of the acquisition of Travel Sense A/S

10. Creditors: amounts falling due after more than one year

	30 September 2012 £	30 September 2011 £
Deferred consideration	-	169,368

11 Provisions for liabilities

	30 September 2012 £	30 September 2011 £
Contingent consideration		
At the beginning of year	1,887	-
Additions during the year	-	1,887
At the end of the year	<u>1,887</u>	<u>1,887</u>

The addition to contingent consideration in the prior year is in respect of the Company's investment of 0.1% in A&D Peru Company Limited S A (now merged into Lima Tours S A C) in 2011 and is expected to be paid in December 2013. The range payable is denominated in US dollars and is between US\$0 and US\$7,400.

12 Called up share capital

	30 September 2012 £	30 September 2011 £
Issued and fully paid		
1 ordinary share of £1 each (2011 1)	<u>1</u>	<u>1</u>

13 Profit and loss account

	£
At 1 October 2011	(3,350,618)
Profit for the financial year	<u>1,737,589</u>
At 30 September 2012	<u>(1,613,029)</u>

14. Reconciliation of movement in shareholders' deficit

	30 September 2012 £	30 September 2011 £
Opening shareholders' deficit	(3,350,617)	(1,066,536)
Profit / (loss) for the financial year	<u>1,737,589</u>	<u>(2,284,081)</u>
Closing shareholders' deficit	<u>(1,613,028)</u>	<u>(3,350,617)</u>

All shareholder funds relate to equity interests

15. 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.

16. Contingent liabilities

The Company has guaranteed the obligations for a 6,500,000 Turkish Lira (2011 6,500,000 Turkish Lira) (£2,235,598) overdraft facility for one of its subsidiaries.

17 Ultimate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company. 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.tuitravelpc.com. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tui-group.com.