Thomas Cook Retail Limited

Annual report and financial statements

for the year ended 30 September 2009

Registered number 00102630

Thomas Cook Retail Limited

Contents

Thomas Cook Retail Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report This annual report covers the year ended 30 September 2009

Business Review & Activities

Thomas Cook Retail Ltd is a wholly owned subsidiary of Thomas Cook Group PLC, ('TCG PLC') a company that is listed on the London Stock Exchange

The results for the company show a pre tax loss of £45 9 million (2008 restated £95 2 million loss) for the year and sales of £452 6 million (2008 £392 3 million) The company has net liabilities of £197 2million (2008 restated net liabilities of £91 8 million) Net cash outflow from operating activities for 2009 was £294 3 million (2008 £159 8 million)

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

Thomas Cook Retail Limited delivers all of the sales channels other than web and TV sales

Business Environment

Following significant market consolidation in 2007 two major vertically integrated operators now operate within the UK travel industry

- Thomas Cook Group PLC
- TUI Travel PLC

As has been the case in recent years the company has faced considerable volatility in its business environment In particular the UK market has seen a prolonged period of economic weakness and rising unemployment Continued weakness of Sterling against other major currencies, especially the Euro, has put pressure on package holiday input costs and has influenced the level of demand for some destinations

Strategy and future outlook

TCG PLC strategy is focused on four key growth drivers

- Maximising value of mainstream travel
- Establishing Thomas Cook as a leading provider of independent travel
- Building our position as a leading provider of travel related financial services
- Extending our business through mergers, acquisitions and partnerships

The merger of Thomas Cook AG and MyTravel PLC has generated considerable synergy benefits These have arisen principally in the UK as this is where the significant overlap of operations occurred The financial year, and the previous financial year saw considerable exceptional restructuring costs which accompanied the realisation of these benefits

Directors' report (continued)

Principal risks & uncertainties

The UK group have identified a number of risks and uncertainties that could potentially damage the current business model and future growth opportunities

- Geo-political events and natural disasters – The nature of our business operations exposes the group to a wide range of geo-political risks and potential natural disaster scenarios To counter this, the group operates a flexible business model with the ability to shift capacity amongst destinations where necessary
- Information Technology – IT plays a major role in day to day operations, the group recognises this importance and invests accordingly in systems to ensure an efficient and reliable service is maintained
- Financial risk - the group is primarily exposed to the two key financial risk areas of fuel prices and foreign currency exchange rates We manage both of these risks appropriately through the use of various hedging instruments in accordance with polices that have been agreed with Thomas Cook Group PLC The objective of the foreign currency hedging policy is to minimise the potential exposure arising from any market change in exchange rates following the production of leisure travel brochures Appropriate fuel hedges are established in order to minimise the potential exposure arising from any market fuel price movements following the time that flight schedules are fixed
- Environmental risk – As a major tour operator we use aircraft to take people on holidays, sometimes to countries where tourism is just developing We take our corporate and social responsibilities very seriously We operate a modern, efficient airline and work with authorities and local suppliers in destinations to ensure that any environmental impact is minimised
- Synergy Delivery risk – There is a risk associated with the delivery of synergies in terms of anticipated timeframes and overall value and either of these will impact the profitability of the Group going forward There is also a risk that the costs associated with the merger will exceed the estimated amount (see above)

Key Performance Indicators ("KPI's")

The directors of Thomas Cook Group PLC 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 Thomas Cook Retail Limited 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 pages 72 to 74 of the Group's annual report which does not form part of this report

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2009 (2008 – £Nil)

Thomas Cook Retail Limited

Directors' report (Continued)

Directors

The directors, who served for the whole of the period except as noted, were as follows

DMW Hallisey
C Gadsby
M Nancarrow (resigned 30 October 2008)
S Robinson
Thomas Cook Group Management Services Limited

Company Secretary

S Bradley

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report

Supplier payment policy

The group's policy, which is also applied by the Company, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the Company at 30 September 2009 were equivalent to 112 (2008 - 158) days' purchases, based on the average daily amount invoiced by suppliers during the year

Charitable and political contributions

The Company made no charitable or political donations during the year (2008 –£nil)

Equal opportunities

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff If members of staff become disabled the group continues employment wherever possible and arranges retraining

Employee involvement

The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests In addition, the group encourages the involvement of employee's by means of regular briefing meetings, supplemented by a range of staff magazines Surveys are held regularly as a means of measuring the effectiveness of the ways in which staff are managed

Restatement of prior period comparative

On 1 November 2007, Thomas Cook Tour Operations Limited acquired the trading activities of Retail Travel Limited In the 2008 financial statements this acquisition was recorded at book value, however, the share purchase agreement for this transaction stated that the acquisition was made at fair value The prior period has therefore been restated in these accounts to reflect this (please refer to note 1)

Thomas Cook Retail Limited

Directors' report (continued)

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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Provision of information to auditors

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

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the company

The Thomas Cook Business Park
Coningsby Road
Peterborough
Cambs
PE3 8SB

By order of the Board,

CJ Gadsby

C J Gadsby, Director
19th February 2010

Independent auditors' report to the members of Thomas Cook Retail Limited

We have audited the financial statements of Thomas Cook Retail Limited for the year ended 30 September 2009 which comprise the Income statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 5, 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 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

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 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

JEllis

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date 14 February 2010

Thomas Cook Retail Limited

Income statement
Year ended 30 September 2009

	Notes	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Continuing operations			
Revenue	3	452,614	392,346
Cost of sales		(424,366)	(354,520)
Gross profit		28,248	37,826
Operating expenses	6	(73,081)	(144,948)
Loss from operations		(44,833)	(107,122)
Analysed between			
Profit/(loss) from operations before exceptional items		(16,894)	(78,925)
Exceptional items	4	(27,939)	(28,197)
Finance income	7	21,262	32,003
Finance costs	8	(22,331)	(20,031)
Loss before tax	9	(45,902)	(95,150)
Tax	11	(6,524)	1,607
(Loss)/profit for the period	24	(52,426)	(93,543)
Attributable to			
Equity holders of the company		(52,426)	(93,543)

Thomas Cook Retail Limited

Statement of recognised income and expense
Year ended 30 September 2009

	Note	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
(Loss)/profit for the period	24	(52,426)	(93,543)
Exchange adjustment offset in reserves		(304)	(116)
Actuarial loss in relation to UK pension fund deficit		(69,142)	(16,895)
Deferred tax on actuarial loss in relation to UK pension fund deficit		16,418	4,730
Other pensions adjustment		-	552
Total recognised income and expense for the period		(105,454)	(105,272)
Attributable to			
Equity holders of the company		(105,454)	(105,272)

Thomas Cook Retail Limited

Balance sheet
As at 30 September 2009

	Notes	30 September 2009 £'000	Restated 30 September 2008 £'000
Non-current assets			
Property, plant and equipment	12	52,634	52,218
Intangible Assets	13	117,959	111,652
Investments in subsidiary undertakings	14	43,140	20,751
Deferred tax asset	20	58,018	41,691
		271,751	226,312
Current assets			
Inventories	15	13	11
Current income tax asset		995	7,406
Trade and other receivables	16	235,203	514,459
Cash and cash equivalents	17	270,120	45,962
		506,331	567,838
Total assets		778,082	794,150
Current liabilities			
Borrowings	18	(360)	(19,448)
Trade and other payables	19	(850,273)	(724,064)
Revenue received in advance		(22,057)	(34,958)
Short-term provisions	21	(13,306)	(9,215)
		(885,996)	(787,685)
Net current liabilities		(379,665)	(219,847)
Non-current liabilities			
Pension liability	29	(69,625)	(8,857)
Trade and other payables	19	-	(70,500)
Long-term provisions	21	(19,683)	(18,876)
		(89,308)	(98,233)
Total liabilities		(975,304)	(885,918)
Net (liabilities)/assets		(197,222)	(91,768)
Equity			
Called up share capital	22	130,000	130,000
Share premium account	23	50,000	50,000
Retained earnings	24	(377,222)	(271,768)
Equity attributable to equity holders of the company		(197,222)	(91,768)

The financial statements were approved by the board of directors and authorised for issue 19th February 2010 They were signed on its behalf by

C J Gadsby

C J Gadsby, Director

Thomas Cook Retail Limited

Cash flow statement
Year ended 30 September 2009

	Notes	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Cash flows used in operating activities			
Cash used in operations	25	294,373	(159,817)
Income taxes paid		(20)	(23)
Net cash generated by / (used) in operating activities		294,353	(159,840)
Investing activities			
Interest received		21,262	13,454
Cash on acquisition of business		-	194,923
Purchase of subsidiary undertakings		(22,389)	-
Purchases of intangible assets		(14,737)	-
Purchases of property, plant and equipment		(12,912)	(19,746)
Proceeds on disposal of property, plant and equipment		-	568
Net cash (outflow) / inflow from investing activities		(28,776)	189,199
Financing activities			
Interest paid		(22,331)	(5,338)
Net cash used in financing activities		(22,331)	(5,338)
Net decrease in cash and cash equivalents		243,246	24,021
Cash and cash equivalents at beginning of year		26,514	2,493
Cash and cash equivalents at end of year	17	269,760	26,514

Notes to the financial statements
Year ended 30 September 2009

1 General information

Thomas Cook Retail Limited is a company incorporated in Great Britain under the Companies Act 2006 The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB The nature of the Company's operations and its principal activities are set out in the directors' report These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group PLC, a company incorporated in Great Britain, which have been prepared in accordance with International Financial Reporting Standards 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 2000

Restatement of prior period comparative

On 1 November 2007, Thomas Cook Retail Limited purchased the investment of Retail Travel Limited from Thomas Cook UK Limited Immediately after this acquisition the trading activities and assets of Retail Travel Limited were acquired by Thomas Cook Retail Limited In the 2008 financial statements this acquisition from TCUK and subsequent hive-up was recorded at book value, however, the share purchase agreement for these transactions stated that the acquisition was to be made at fair value The prior period comparative has been restated to reflect this

The impact of the restatement for the acquisition of the investment of Retail Travel Limited from Thomas Cook UK Limited has resulted in an increase in investments of £59 million, subsequently impaired, and an increase in amounts due to group undertakings of £59 million

The impact of the restatement for the hive-up of the trade and assets of Retail Travel Limited into Thomas Cook Retail Limited has resulted in an increase in intangible assets of £70 million, a decrease in investments of £40 million and a decrease in amounts due from subsidiaries (£30 million) The prior year cash flow statement has not been restated as this transaction has no cash effect

The net result of these restatements is that Thomas Cook Retail Limited has an investment of £19 million in Retail Travel Limited (previously £1 million), a goodwill balance of £70 million (previously £nil),a reduction in the amounts due from subsidiaries of £30 million and an increase in amounts due to group undertakings of £59 million

At the date of authorisation of these financial statements, the following Standards and interpretations that are expected to impact on the Company but which have not been applied in these financial statements, were in issue but not yet effective

IFRS 8 'Operating segments', issued in November 2006, effective for periods beginning on or after 1 January 2009 This may change the way in which we report operating segments in the future

IFRS 3 (Revised) 'Business combinations', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009 This will significantly change the recognition of goodwill, acquisition costs and contingent consideration relating to future acquisitions

IAS 28 (Amendment) 'Investments in associates', and amendments to IAS 31, 'Interests in joint ventures' (with consequential amendments to IAS 32, 'Financial instruments presentation' and IFRS 7, 'Financial instruments disclosures')), effective for annual periods beginning on or after 1 January 2009 These amendments are part of the IASB's annual improvements project published in May 2008 and will change the disclosure requirements for investments accounted for in accordance with IAS 39'Financial instruments recognition and measurement' The adoption of these amendments is not expected to have material impact on the Company

Notes to the financial statements
Year ended 30 September 2009

1 General information (continued)

IFRS 27 (Amendment) 'Consolidated and separate financial statements' is effective for annual periods beginning on or after 1 July 2009 The revised standard requires different accounting treatment for minority interest but it is not expected to affect the Company's financial results or position materially

IFRS 2 (Amendment) 'Share based payment', effective for annual periods beginning on or after 1 January 2009 This provides a definition of vesting conditions and specifies the accounting treatment for non-vesting conditions It is not expected to materially affect the share based payment charge recognised in the Company accounts

IAS 23 (Amendment) 'Borrowing Costs', revised version issued in March 2007, effective for annual periods beginning on or after 1 January 2009 This eliminates borrowing costs when they are incurred and is not expected to have a material impact to the Company

IFRS 7 (Amendment) 'Financial instruments – disclosures', effective 1 January 2009 The amendment requires enhanced disclosures about fair value and measurement risk As the change only results in disclosure changes there is no impact on the results of the Company

IAS 1 (Revised) 'Presentation of financial statements', is effective for annual period beginning on or after 1 January 2009 This requires the reconciliation of movements in equity to be presented as a primary financial statement and increased disclosures when there is a restatement of comparatives Adopting this standard will not affect the recognition or measurement of any transactions or events

IAS 32 (Amendment) 'Financial statement Presentation', issued in February 2008, effective for annual periods beginning on or after 1 January 2009 This clarifies the treatment of puttable financial instruments The adoption of this amendment is not expected to have a material impact on the Company

IAS 38 (Amendment) 'Intangible assets', effective for annual periods beginning on or after 1 January 2009 The amendment is part of the IASB's annual improvements project published in May 2008 This will change the way in which the Company accounts for brochure costs

IFRIC 13 'Customer loyalty programmes', issued in June 2007, effective for annual periods beginning on or after 1 January 2009 The interpretation is not expected to have a material impact on the Company

IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', issued in July 2007, effective for periods beginning on or after 1 January 2009 The interpretation is not expected to have a material impact on the Company

Directors anticipate that the company will adopt these standards and interpretations on their effective dates

Notes to the financial statements
Year ended 30 September 2009

2 Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below

Basis of preparation

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

The accounting policies adopted are consistent with those of the previous financial period

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

Subsidiary undertakings
Investments in subsidiary undertakings are accounted for at cost less provision for impairment

Property and equipment
Property and equipment are stated at cost, net of 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 income statement as incurred

Depreciation on property and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows

Freehold buildings	60 years
Short leasehold properties	Period of lease
Other fixed assets	4 to 10 years

Inventories
Inventories are stated at the lower of cost or net realisable value Cost represents 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 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, travel agency commission, insurance and other incentives, are taken to the income statement on holiday departure Other revenue and associated expenses are taken to the income statement as earned or incurred

Income statement presentation
Profit or loss from operations includes the results from operating activities of the Company It is stated before the results of investing activities such as the disposal of subsidiaries or joint ventures

Exceptional items are items that are unusual because of their size, nature or incidence and which the Company's management consider should be disclosed separately to enable a full understanding of the Company's results

Notes to the financial statements
Year ended 30 September 2009

2 Significant accounting policies (continued)

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 recognised as an asset, and is reviewed for impairment at least annually Any impairment is recognised immediately in the Company's income statement 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

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

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

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

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 liabilities recognised on the balance 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 Actuarial gains or losses are recognised in the period in which they arise within the statement of recognised income and expense Other movements in the pension liability are recognised in the income statement Past service costs are recognised immediately in the income statement

Foreign currency
Transactions in currencies other than the functional currency of the company 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 dealt with in the income statement

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

Derivative financial instruments
Derivatives are recognised at their fair value and any changes in the fair value are recognised immediately in the income statement

2 Significant accounting policies (continued)

Share-based payments
The Company has applied the requirements of IFRS 2 *Share-based Payment* In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 November 2004

The parent company issues share options to certain employees of the Company as part of their total remuneration The fair values of the share options are calculated at the date of grant, using the Black-Scholes option-pricing model These fair values are charged to the income statement on a straight-line basis over the expected vesting period of the options This amount has been charged to the company by Thomas Cook Group PLC and settled in cash

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

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

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

Provisions
Provisions are recognised in the balance sheet when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability A provision for restructuring is recognised when the Group 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 In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract

Notes to the financial statements
Year ended 30 September 2009

2 Significant accounting policies (continued)

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

Residual values of tangible fixed assets

Judgments have been made in respect of the residual values of property, plant and equipment Those judgments determine the amount of depreciation charged in the income statement

Recoverable amounts of goodwill and investments

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

Key sources of estimation uncertainty
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

Closure provisions

Judgments have been made in respect of the length of time it will take to dispose of the Company's interest in leasehold properties in respect of stores which have ceased trading in order to calculate the provision required on the closure of the stores

Dilapidations provisions

Judgments have been made in respect of the amounts of future dilapidations claims in order to assess the increase or decrease required to the existing provision

3 Revenue

An analysis of the Company's revenue is as follows

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Sales of leisure travel services	452,614	392,346

Notes to the financial statements
Year ended 30 September 2009

4 Exceptional items

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Property, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	(20,874)	(22,464)
Property, redundancy and other costs incurred in other business integrations and reorganisations	-	(764)
Disposal of property, plant and equipment	-	(2,384)
Other expenses relating to the merger	(7,065)	(2,585)
	(27,939)	(28,197)

5 Disposal of items of property, plant and equipment

The loss on disposal in the prior year was in respect of the write off of leasehold improvements, vehicles and fixtures and fittings subsequent to the relocation or closure of retail stores

6 Operating expenses

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Administrative expenses	(179,203)	(193,177)
Loss on disposal of property, plant and equipment	(1,024)	(1,559)
Income from Group undertakings	101,407	118,399
Impairment charges	-	(80,000)
Other income	5,739	11,389
	(73,081)	(144,948)

Notes to the financial statements
Year ended 30 September 2009

7 Finance income

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Bank interest receivable	4,320	8,177
Pension related finance income	16,909	18,549
Interest receivable from group companies	33	5,277
	21,262	32,003

8 Finance costs

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Interest payable on bank borrowings	(1,032)	(62)
Pension related finance expense	(16,978)	(14,693)
Interest payable to group companies	(4,321)	(5,276)
	(22,331)	(20,031)

Notes to the financial statements
Year ended 30 September 2009

9 Loss before tax

Loss before tax has been arrived at after (crediting)/charging

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Net foreign exchange losses/(gains)	2,817	206
Depreciation of property, plant and equipment – owned assets	13,968	11,319
Loss on disposal of property, plant and equipment	1,024	1,559
Operating lease rentals payable – plant and machinery	47,189	43,766
Exceptional operating items (see note 4)	27,939	28,197
Staff costs (see note 10)	158,429	160,558
Auditors' remuneration for audit services	94	80

10 Staff costs

The average monthly number of employees (including executive directors) was

	2009 Number	2008 Number
Retail staff	6,809	9,156
	6,809	9,156

	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	136,498	138,654
Social security costs	11,158	11,636
Pension service costs (see note 29)	6,055	6,094
Other pension costs	4,718	4,174
	158,429	160,558

Notes to the financial statements
Year ended 30 September 2009

11 Tax

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Current tax		
UK corporation tax charge for the period	(334)	(517)
UK corporation tax adjustment in respect of prior years	6,733	21
Overseas tax adjustment in respect of prior years	34	2
Total current tax	6,433	(494)
Deferred tax		
UK corporation tax adjustment in respect of current period	(1,113)	(608)
UK corporation tax adjustment in respect of prior periods	1,204	(505)
Total deferred tax	91	(1,113)
Total tax charge / credit	6,524	(1,607)

Corporation tax is calculated at 28% (2008 28 91%) of the estimated assessable profit for the period In the prior period this was the weighted average tax rate applicable for the period following a reduction in the standard rate of UK Corporation Tax from 30% to 28% effective from 1st April 2008

The tax credit for the period can be reconciled to the loss per the income statement as follows

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Loss before tax	(45,914)	(95,150)
Loss before tax multiplied by the current tax rate of 28% (2008 28 91%)	(12,856)	(27,508)
Tax effect of		
Expenses that are not deductible for tax purposes	646	23,635
Capital allowances in excess of depreciation	-	-
Adjustments in respect of prior periods	7,971	(482)
Transfer pricing adjustment	(122)	1,252
Depreciation not in deferred tax	881	1,314
Loss on disposal of non-qualifying assets	143	10
Deferred tax not previously recognised	9,861	-
Deferred tax effect of change in tax rate	-	172
Tax charge / (credit) for the year / period	6,524	(1,607)

Notes to the financial statements
Year ended 30 September 2009

12 Property, plant and equipment

	Land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Cost or valuation			
At 31 October 2007	18,018	7,684	25,702
Acquisition of business	17,954	130,868	148,822
Additions	-	12,848	12,848
Exchange adjustments	11	66	77
Reclassifications	(17,796)	17,796	-
Inter-company transfers	75	26,442	26,517
Inter-group transfers	-	(39)	(39)
Disposals	(352)	(8,956)	(9,308)
At 30 September 2008	17,910	186,709	204,619
Additions	-	12,899	12,899
Exchange adjustments	13	80	93
Reclassifications to intangible assets (note 13)	-	(147)	(147)
Inter-company transfers		266	266
Other movements		37	37
Disposals	(173)	(6,397)	(6,570)
At 30 September 2009	17,750	193,447	211,197
Accumulated depreciation and impairment			
At 31 October 2007	13,843	5,664	19,507
Acquisition of business	5,099	105,940	111,039
Charge for the period	300	9,502	9,802
Exchange adjustments	11	66	77
Reclassifications	(13,728)	13,728	-
Inter-company transfers	33	19,186	19,219
Inter-group transfers	-	(39)	(39)
Disposals	(233)	(6,971)	(7,204)
At 30 September 2008	5,325	147,076	152,401
Charge for the period	315	11,051	11,366
Exchange adjustments	13	80	93
Reclassifications	-	-	-
Inter-company transfers	-	218	218
Other movements		39	39
Disposals	(164)	(5,390)	(5,554)
At 30 September 2009	5,489	153,074	158,563
Carrying amount			
At 30 September 2009	12,261	40,373	52,634
At 30 September 2008	12,585	39,633	52,218

Notes to the financial statements
Year ended 30 September 2009

13 Intangible assets

	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 31 October 2007	12,607	-	12,607
Acquisition of business	-	54,125	54,125
Restated additions	70,000	8,986	78,986
Disposals		(16)	(16)
Inter-company transfers	-	31,904	31,904
Restated at 30 September 2008	82,607	94,999	177,606
Acquisition of business	-	-	-
Reclassifications		147	147
Additions	-	14,737	14,737
Disposals	-	(198)	(198)
Inter-company transfers	-	198	198
At 30 September 2009	82,607	109,883	192,490
Accumulated amortisation and impairment			
At 31 October 2007	115	-	115
Acquisition of business	-	35,796	35,796
Amortisation charge	-	6,286	6,286
Disposals	-	(1)	(1)
Inter-company transfers	-	23,758	23,758
At 30 September 2008	115	65,839	65,954
Acquisition of business	-	-	-
Amortisation charge	-	8,577	8,577
Disposals	-	(190)	(190)
Inter-company transfers	-	190	190
At 30 September 2009	115	74,416	74,531
Carrying amount			
At 30 September 2009	82,492	35,467	117,959
Restated at 30 September 2008	82,492	29,160	111,652

Notes to the financial statements
Year ended 30 September 2009

14 Investments

	£'000
Cost and carrying value	
At 1 November 2007	751
Restated additions	20,000
At 30 September 2008	20,751
Additions	22,389
At 30 September 2009	43,140

1) On the 21st October 2008 Thomas Cook Retail Limited acquired 100% of the share capital of Airtrack Services Limited for £470k
2) On the 6th April Thomas Cook Retail Limited purchased an investment in Thomas Cook Investments (3) Limited for £21,919k

Investments in subsidiary undertakings	**Principal activities**	**30 September 2009 £'000**	**30 September 2008 £'000**
Cost			
Going Places Limited	Dormant	29	29
Late Escapes Limited	Dormant	503	503
W McCalla & Company Limited (registered in Northern Ireland)	Dormant	100	100
Winston Rees (World Travel) Limited	Dormant	117	117
Holidayline Limited	Dormant	2	2
Retail Travel Limited (restated)	Dormant	20,000	20,000
Thomas Cook Investments (3) Limited	Travel related	21,919	-
Airtrack Services Limited	Travel related	470	-
Restated total		43,140	20,751

The above companies are wholly owned subsidiary undertakings and unless otherwise stated are registered in England and Wales The directors believe that the carrying value of the investments is supported by their underlying net assets

15 Inventories

	30 September 2009 £'000	**30 September 2008 £'000**
Goods held for resale	13	11

The cost of stock recognised as expense and included in cost of sales amounted to £14k (2008 £14k)

Notes to the financial statements
Year ended 30 September 2009

16 Trade and other receivables

	30 September 2009 £'000	30 September 2008 £'000
Current assets		
Trade receivables	25,228	23,605
Less provision for impairment of trade receivables	(1,101)	(1,405)
Trade receivables – net	24,127	22,200
Deposits and prepayments	71,287	65,133
Other receivables	3,942	8,513
Accrued income	3,831	2,549
Amounts due from Group undertakings	80,673	416,064
Amounts due from subsidiary undertakings	51,343	-
	235,203	514,459

The average credit period taken on sales of goods is 20 days (2008 – 21 days) An allowance has been made for estimated irrecoverable amounts from the sale of goods of £1,101k (2008 £1,405k) This allowance has been determined by reference to past default experience

Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

Credit risk

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

	30 September 2009 £'000	30 September 2008 £'000
Movement in allowances for doubtful trade receivables		
At beginning of period	(1,405)	(159)
Acquisition of business	-	(1,044)
Additional provision	(2,841)	(2,377)
Receivables written off	3,145	2,175
At end of period	(1,101)	(1,405)

Notes to the financial statements
Year ended 30 September 2009

16 Trade and other receivables (continued)

The other classes within trade and other receivables do not contain impaired assets

At the period end, trade and other receivables of £5,321k (2008 £7,759k) were past due but not impaired The analysis of the age of these financial assets is set out below

	30 September 2009 £'000	30 September 2008 £'000
Ageing analysis of overdue trade and other receivables		
Less than 1 month overdue	3,828	1,828
Between 1 and 3 months overdue	1,528	3,274
Between 3 and 12 months overdue	(232)	2,559
More than 12 months overdue	107	98
	5,231	7,759

At the period end, the carrying value of trade and other receivables are denominated in the following currencies

Trade and other receivables are not subject to restrictions on title and no collateral is held as security The Directors consider that the carrying amounts of trade and other receivables is a reasonable approximation of their fair values

17 Cash and cash equivalents

	30 September 2009 £'000	30 September 2008 £'000
Short term bank deposits	221,747	9,894
Cash at bank and in hand	48,373	36,068
	270,120	45,962

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits with banks, bank and cash balances, liquid investments, net of bank overdrafts Bank overdrafts are included in financial liabilities in current liabilities (see note 18) The carrying amount of these assets approximates their fair value

	30 September 2009 £'000	30 September 2008 £'000
Cash flow statement - cash and cash equivalents		
Short term bank deposits	221,747	9,894
Cash at bank and in hand	48,373	36,068
Bank overdrafts due on demand and unsecured	(360)	(19,448)
	269,760	26,514

Notes to the financial statements
Year ended 30 September 2009

18 Borrowings

	30 September 2009 £'000	30 September 2008
Current		
Bank overdrafts due on demand and unsecured	(360)	(19,448)

All borrowings are repayable on demand and denominated in sterling

19 Trade and other payables

	30 September 2009 £'000	30 September 2008 £'000
Current liabilities		
Trade payables	(130,200)	(111,072)
Social security and other taxes	(7,490)	(4,106)
Accruals	(45,756)	(76,394)
Other payables	(10,201)	(19,035)
Amounts due to Group undertakings	(636,506)	(513,428)
Amounts due to subsidiary undertakings	(20,120)	(29)
	(850,273)	(724,064)
Non current liabilities		
Amounts due to Group undertakings	-	(70,500)
	-	(70,500)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 112 days (2008 - 158 days)

The directors consider that the carrying amount of trade payables approximates to their fair value

The amounts owed to the Group and subsidiary undertakings are unsecured, payable on demand and are interest free

	30 September 2009 £'000	30 September 2008 £'000
Aging analysis of trade and other payables		
Less than 3 months	(193,647)	(210,607)
Between 3 and 12 months	(656,626)	(513,457)
Between 1 and 5 years	-	(70,500)
More than 5 years	-	-
	(850,273)	(794,564)

20 Deferred tax

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

	30 September 2009 £'000	30 September 2008 £'000
Deferred tax assets	58,063	41,736
Deferred tax liabilities	(45)	(45)
Deferred tax assets (net)	58,018	41,691

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

	Year ended 30 September 2009 £'000	Eleven months to 30 September 2008 £'000
Beginning of period	41,691	24,444
Income statement credit	(91)	1,113
Credited direct to equity	16,418	4,730
Acquired on acquisition of subsidiaries trade	-	11,404
End of period	58,018	41,691

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

	Tax losses £'000	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
At 31 October 2007	-	-	-	-	-
Current year tax (charge)/credit to the income statement	-	-	-	6	6
Acquired on acquisition of subsidiaries trade	-	-	-	(51)	(51)
Balance at 30 September 2008	-	-	-	(45)	(45)
Current year tax (charge)/credit to the income statement	-	-	-	-	-
Acquired on acquisition of subsidiaries trade	-	-	-	-	-
Balance at 30 September 2009	-	-	-	(45)	(45)

Notes to the financial statements
Year ended 30 September 2009

20 Deferred tax (continued)

Deferred tax assets	Tax losses £'000	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
At 1 November 2007	24,444	-	-	-	24,444
Current year tax (charge)/credit to the income statement	-	3,869	(3,116)	354	1,107
(Charged)/credited directly to equity	-	-	4,730	-	4,730
Acquired on acquisition of subsidiaries trade	-	3,543	7,185	727	11,455
At 30 September 2008	24,444	7,412	8,799	1,081	41,736
Current year tax (charge)/credit to the income statement	-	3,621	(5,723)	2,011	(91)
(Charged)/credited directly to equity	-	-	16,418	-	16,418
Balance at 30 September 2009	24,444	11,033	19,494	3,092	58,063

At the balance sheet date, the company had unused tax losses of £172 4 million (2008 £142 3 million) and other short term timing differences of £158 3 million (2008 £94 1 million) available for offset against future profits No deferred tax has been recognised in respect of unused tax loses of £75 6 million (2008 £55 0 million) and short term timing differences of £99 0 million (2008 £32 5 million) due to the unpredictability of future profits

21 Provisions

	Subsidiary deficit £'000	Closure Costs £'000	Redundancy Costs £'000	Dilapidation provisions £'000	Other £'000	Total £'000
At 1 October 2008	2,676	21,089	1	3,145	1,180	28,091
Additional provisions in the year	-	16,172	-	2,248	355	18,775
Utilisation of provisions	-	(11,966)	-	(680)	(1,231)	(13,877)
At 30 September 2009	2,676	25,295	1	4,713	304	32,989
Included in current liabilities						19,683
Included in non-current liabilities						13,306
						32,989

The provision for closure costs is in respect of the closure of a number of retail stores which the company committed to close as at the year end

The dilapidation provision is based on management estimates and costed dilapidations schedules from external building surveyors in respect of leased properties

22 Called-up share capital

	30 September 2009 £'000	30 September 2008 £'000
Authorised·		
130,000,000 (2008 - 130,000,000) ordinary shares of £1 each	130,000	130,000
Issued and fully paid:		
130,000,000 (2008 - 130,000,000) ordinary shares of £1 each	130,000	130,000

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

23 Share premium account

	£'000
Balance at 1 October 2007	50,000
Balance at 30 September 2008 and 30 September 2009	50,000

Notes to the financial statements
Year ended 30 September 2009

24 Retained earnings

	£'000
Balance at 31 October 2007	(166,496)
Loss for the period	(93,543)
Exchange adjustment offset in reserves	(116)
Actuarial loss in relation to UK pension fund deficit	(16,895)
Deferred tax on actuarial loss in relation to UK pension fund deficit	4,730
Adjustment relating to pension deficit	552
Balance at 30 September 2008	(271,768)
Loss for the period	(52,426)
Exchange adjustment offset in reserves	(304)
Adjustment in relation to UK pension fund deficit	(69,142)
Deferred tax on adjustment in relation to UK pension fund deficit	16,418
Balance at 30 September 2009	(377,222)

25 Notes to the cash flow statement

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Loss from continuing operations	(44,833)	(27,122)
Adjustments for		
Depreciation of property, plant and equipment	11,366	9,802
Amortisation of intangible assets	8,577	6,286
Loss on disposal of property, plant and equipment	1,024	1,559
Operating cash (outflows) before movements in working capital	(23,866)	(9,475)
Increase in inventories	(2)	(4)
(Increase)/decrease in receivables	279,256	(252,640)
Increase/(decrease) in payables and provisions	47,359	109,885
Difference between pension contributions and current service cost	(8,374)	(7,583)
Cash outflow generated by / (used in) operating activities	294,373	(159,817)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

26 Contingent liabilities

In consideration of HSBC Bank PLC providing credit and banking facilities, the company is a joint guarantor of an unlimited multilateral guarantee with certain fellow group companies in favour of HSBC Bank PLC

The company has given guarantees and counter indemnities to banks, which includes HSBC, totalling £18,321,782 (2008 £10,000,000) in respect of total bonding, letter of credit and guarantee facilities provided to fellow subsidiaries of the UK parent company The company is one of six guarantors each of which are jointly liable, in respect of the bonding £168,602,603 (2008 £108,819,851)

27 Operating lease arrangements

The Company as lessee

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Minimum lease payments under operating leases recognised in income for the year	54,305	43,766

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Within one year	33,778	37,703
In the second to fifth years inclusive	84,171	100,349
After five years	46,509	58,604
	164,458	196,656

Operating lease payments represent rentals payable by the Company for certain of its retail stores Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 5 years

Notes to the financial statements
Year ended 30 September 2009

27 Operating lease arrangements (continued)

The Company as lessor

Property rental income earned during the year was £2,020,000 (2008 £3,528,000)

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Within one year	1,145	364
In the second to fifth years inclusive	2,602	1,404
After five years	1,114	346
	4,861	2,114

28 Share based payments

Equity-settled share option scheme

The parent company (Thomas Cook Group PLC) operates four equity-settled share-based payment schemes, as outlined below The total expense recognised during the period in respect of equity-settled share-based payment transactions was £726,000 (2008 £500,000) From 1 November 2007 share based payment charges are cash settled by the company through an intercompany recharge As such these amounts are no longer credited back through reserves

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

Executive Directors and senior executives of the Company are granted options to acquire, or contingent share awards of, the ordinary shares of Thomas Cook Group PLC The awards will vest if performance targets for Earnings Per Share (EPS) and Total Shareholder Return (TSR) are met during the three years following the date of grant Subject to vesting conditions, the options are exercisable up to ten years after the date of grant

The Thomas Cook Group PLC 2008 Co-Investment Plan (COIP)

Executive Directors and senior executives may be required to purchase the shares in Thomas Cook Group PLC using a proportion of their net bonus (Lodged Shares) For each Lodged Share purchased participants may receive up to 3 5 Matching Shares if performance targets for EPS and Return On Invested Capital (ROIC) are met during the three years following the date of grant Subject to vesting conditions, the options are exercisable up to ten years after the date of grant

The Thomas Cook Group PLC 2008 Save As You Earn Scheme (SAYE)

In May 2008, all eligible employees were offered options to purchase shares in Thomas Cook Group PLC by entering into a three year savings contract The option exercise price was set at a 20% discount to the market price at the offer date Options are exercisable between three years and three years and six months after the start of the savings contract

The movements in options and awards during the period were

		2009		2008
	PSP	**COIP**	**PSP**	**COIP**
Outstanding at beginning of period	6,574,186	985,046	2,869,648	-
Granted	9,810,081	3,944,088	4,304,331	985,046
Exercised	-	-	(83,333)	-
Forfeited	(1,358,491)	(298,283)	(516,460)	-
Outstanding at end of period	15,025,776	4,630,851	6,574,186	985,046
Exercisable at end of period	-	-	-	-
Exercise price	Nil	Nil	Nil	Nil
Average remaining contractual life	8 9	9 3	9 2	9 8

The weighted average share price at the date of exercise for the options exercised during the period was £2 31

28 Share based payments (continued)

The fair value of options and awards subject to EPS and ROIC performance targets was determined by the use of Black-Scholes models and the fair value of options subject to TSR performance targets was determined by the use of Monte Carlo simulations For options and awards granted during the period the key inputs to the models were

		2009		2008
	PSP	**COIP**	**PSP**	**COIP**
Share price at measurement date	1 95	1 96	2 80	2 37
Exercise price (£)	Nil	Nil	Nil	Nil
Expected volatility (%)	44	44	34	34
Expected volatility of comparator group (%)	24-83	n/a	16-55	n/a
Expected correlation with comparator group (%)	34	n/a	25	n/a
Option life (years)	3	3	3	3
Risk free rate (%)	2 0	2 0	3 9	5 2
Expected dividend yield (%)	7	7	5	5
Weighted average fair value at date of grant	1 31	1 60	1 91	2 04

Expected volatility has been based on the historic volatility of the shares of Thomas Cook Group PLC and the shares of other companies in the same or related sectors

29 Retirement benefit schemes

The pension entitlements of certain employees who transferred with the transfer of the trade of Retail Travel Limited 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 period 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

Funded defined benefit pension obligations have been determined on the basis of assumptions relevant to each scheme and the weighted averages of these were

	2009	**2008**
Discount rate	5 50%	6 50%
Inflation rate	3 50%	3 50%
Expected return on plan assets	6 55%	7 10%
Future salary increases	4 75%	4 75%
Future pension increases	3 50%	4 50%

Notes to the financial statements
Year ended 30 September 2009

29 Retirement benefit schemes (continued)

The mortality assumptions used in arriving at the present value of obligations at 30 September 2009 are based on a life expectancy for members currently aged 60 of 22 4 years for men and 27 years for women

The Thomas Cook UK Pension Plan has been closed to new entrants since April 2003 Employees who have joined since that date participate in a new defined contribution scheme

Amounts recognised in income in respect of the defined benefit schemes are as follows

	Thomas Cook Pension Plan Year ended 30 September 2009 £'000	AT Mays Pension Plan Year ended 30 September 2009 £'000	Total Year ended 30 September 2009 £'000	Total Eleven months ended 30 September 2008 £'000
Current service cost	6,033	22	6,055	6,094
Interest cost	15,737	1,241	16,978	14,693
Expected return on plan assets	(15,779)	(1,130)	(16,909)	(18,549)
Total included in operating expenses	5,991	133	6,124	2,238

The amounts in the balance sheet are determined as follows

	Thomas Cook Pension Plan 30 September 2009 £'000	AT Mays Pension Plan 30 September 2009 £'000	Total 30 September 2009 £'000	Total 30 September 2008 £'000
Present value of funded obligations	(277,044)	(23,220)	(300,264)	(220,543)
Fair value of plan assets	209,575	21,064	230,639	211,686
Liability in the balance sheet	(67,469)	(2,156)	(69,625)	(8,857)

Service costs have been included in personnel expenses in the income statement and the unwinding of the discount rate of the expected retirement benefit obligations has been included in finance costs The expected return on scheme assets has been included in finance income

The actual return on scheme assets attributable to the company was £11 2m (2008 (£32 7)m Actuarial gains and losses have been reported in the statement of recognised income and expense

Notes to the financial statements
Year ended 30 September 2009

29 Retirement benefit schemes (continued)

Changes in the present value of funded defined benefit obligations were as follows

	Thomas Cook Pension Plan Year ended 30 September 2009 £'000	AT Mays Pension Plan Year ended 30 September 2009 £'000	Total Year ended 30 September 2009 £'000	Total Eleven months ended 30 September 2008 £'000
At 1 October	(201,064)	(19,479)	(220,543)	-
Transferred from Retail Travel Limited	-	-	-	(239,174)
Current service cost	(6,033)	(22)	(6,055)	(6,094)
Interest cost	(15,737)	(1,241)	(16,978)	(14,693)
Contributions by plan participants	(1,440)	(5)	(1,445)	(1,400)
Actuarial (losses) / gains	(59,880)	(3,533)	(63,413)	34,323
Benefits paid	6,210	1,060	7,270	6,495
Expenses paid	900	-	900	-
At 30 September	(277,044)	(23,220)	(300,264)	(220,543)

Changes in the fair value of plan assets are as follows

	Thomas Cook Pension Plan Year ended 30 September 2009 £'000	AT Mays Pension Plan Year ended 30 September 2009 £'000	Total Year ended 30 September 2009 £'000	Total Eleven months ended 30 September 2008 £'000
At 1 October	192,781	18,905	211,686	-
Transferred from Retail Travel Limited	-	-	-	235,222)
Expected return on plan assets	15,779	1,130	16,909	18,549
Actuarial (losses) / gains	(7,085)	1,357	(5,728)	(51,218)
Employer contributions	13,770	727	14,497	14,228
Employee contributions	1,440	5	1,445	1,400
Benefits paid	(6,210)	(1,060)	(7,270)	(6,495)
Expenses paid	(900)	-	(900)	-
At 30 September	209,575	21,064	230,639	211,686

During 2006, a special one-off contribution payment was made by Thomas Cook UK to the pension fund amounting to £85 0m in order to offset actuarial losses In the subsequent five years, an amount totalling £4 35m is to be paid to the pension fund on a quarterly basis The Group company is expected to make aggregate contributions to its funded defined benefit schemes of £14 7m during the year commencing 1 October 2008

Notes to the financial statements
Year ended 30 September 2009

29 Retirement benefit schemes (continued)

The fair value of scheme assets at the balance sheet is analysed as follows

Thomas Cook UK Pension Plan

	Expected Return %	2009 %	Expected Return %	2008 %
Equity	7 6	43 8	7 4	54.4
Debt securities	4 3	30.4	5.2	28.1
Property	6.1	11 6	6.3	14.1
Other	7.3	14 2	5.0	3.4

A T Mays Pension Plan

	Expected Return %	2009 %	Expected Return %	2008 %
Equity	6 7	41 3	7 4	36.5
Debt securities	3.8	58.2	5.2	63 1
Other	(0 4)	0 5	5.0	0.4

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

The expected rates of return on scheme assets have been calculated as the weighted average rate of return on each asset class The return on each asset class is taken as the market rate of return

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Actuarial losses recognised in the SORIE in the year / period (before tax)	52,724	12,165
Cumulative actuarial losses recognised in the SORIE (before tax)	64,889	12,165

Defined contribution pension scheme

There are a number of defined contribution schemes in the company, the principal ones being the MyTravel UK Group scheme which relates to employees of MyTravel Group PLC and various of its UK subsidiary companies and the new scheme for Thomas Cook UK employees joining since April 2003

The total charge for the period in respect of these and other defined contribution schemes, including liabilities in respect of insured benefits relating to workers' compensation arrangements, amounted to £4,718k (2008 £4,174k)

The assets of these schemes are held separately from those of the Company in funds under the control of trustees

Notes to the financial statements
Year ended 30 September 2009

30 Related party transactions

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

Trading transactions	**Sale of goods**		**Purchase of goods**		**Amounts owed by related parties**		**Amounts owed to related parties**	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**	**2009 £'000**	**2008 £'000**	**2009 £'000**	**2008 £'000**
Parent and fellow subsidiary undertakings	160,995	97,399	-	-	80,673	416,064	(556,506)	(433,428)
Subsidiaries	-	-	-	-	51,343	-	(20,120)	(29)

The Company's revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business Only the commission receivable element of a holiday payment is recognised in the income statement - the balance of the amount payable by the customers is collected by the Company on behalf of the travel provider and is not included in either purchases or sales

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

The company also received a net management charge from the UK segment of Thomas Cook Group PLC of £101,407,000 (2008 £121,453,000) in respect of services provided by the group, including information technology, legal, human resources, finance and an apportionment of the cost of outsourcing certain support services

Other trading transactions

During the year, the Company did not enter into any transactions (2008 £nil) with related parties who are not members of the Thomas Cook Group

Notes to the financial statements
Year ended 30 September 2009

31 Remuneration of key management personnel

Key management compensation

The aggregate amounts of key management compensation are set out below

	Year to 30 September 2009 £'000	Eleven months to 30 September 2008 £'000
Salaries and short-term employment benefits	**1,421**	3,322
Share-based payments	**961**	217
Company pension contributions to money purchase schemes	**19**	41
Company pension contributions to final salary schemes	**62**	53
Termination benefits	**-**	1,433
Total	**2,463**	5,066

For the year ended 30 September 2009, the directors are of the opinion that the key management of the Company comprised the statutory directors of the Company together with those members of the UK Executive team who are not also statutory directors These persons have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly For the prior year, the statutory directors were considered to represent the key management personnel At 30 September 2009, key management comprised 11 people (2008 11 people)

Directors' emoluments

The aggregate emoluments of the directors of the Company are set out below

	Year to 30 September 2009 £'000	Eleven months to 30 September 2008 £'000
Aggregate emoluments in respect of qualifying services	579	1,854
Aggregate Company pension contributions to money purchase schemes	-	31
Aggregate Company pension contributions to final salary schemes	41	33
Termination benefits	-	-
Total	620	1,918

Notes to the financial statements
Year ended 30 September 2009

31 Remuneration of key management personnel (continued)

Five directors are included in the defined contribution scheme for 2009, and three in the final salary scheme (2008 five and three respectively)

No gains were made by directors on the exercise of share options

The amounts in respect of the highest paid director are as follows

	Year to 30 September 2009 £'000	Eleven months to 30 September 2008 £'000
Aggregate emoluments in respect of qualifying services	446	957
Aggregate Company pension contributions to money purchase schemes	-	-
Aggregate Company pension contributions to final salary schemes	27	23
Termination benefits	-	-
Total	473	980

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"

32 Ultimate controlling party

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

Thomas Cook Group PLC, incorporated in Great Britain, is the company's ultimate parent company

The 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 accounts of Thomas Cook Group PLC may be obtained from The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB