

**Thomas Cook Services Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2012**

*Registered number 3028914*



# Thomas Cook Services Limited

## Contents

	<b>Page</b>
Directors' report	3 - 5
Independent auditors' report	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 16

# **Thomas Cook Services Limited**

Registered number 3028914

## **Directors' report**

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

### **Business review, principal activities and future outlook**

Thomas Cook Services Limited is a wholly-owned subsidiary of Thomas Cook Group plc ("the Group"), a Company that is listed on the London Stock Exchange.

The results for the Company show an operating result of £nil (2011: £nil) for the year and sales of £65,083k (2011: £69,751k). The Company has net assets of £326k (2011: £326k). Net cash outflow from operating activities for 2012 was £20,104k (2011: £13,334k).

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.

The principal activity of Thomas Cook Services Limited is the procurement of air transportation for the tour activity of Thomas Cook Scheduled Tour Operations Limited. This activity is expected to continue.

### **Principal risks and uncertainties**

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

### **Key performance indicators ("KPIs")**

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

### **Financial risk management**

The Company's risk management objectives and policies are not considered material for an assessment of the Company's assets, liabilities, financial position and result. The Company has no material exposure to price risk, credit risk, liquidity risk or cash flow risk.

### **Charitable and political donations**

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

### **Dividends**

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

### **Directors**

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

I S Ailes (resigned 11 January 2013)  
N Arthur (appointed 11 March 2013)  
U Sperl (appointed 11 March 2013)  
D M Taylor (appointed 11 January 2013 and resigned 11 March 2013)  
Thomas Cook Group Management Services Limited

# **Thomas Cook Services Limited**

Registered number 3028914

## **Directors' report (continued)**

### **Company secretary**

S Bradley

### **Directors' indemnities**

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

### **Statement of directors' responsibilities**

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

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

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

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

### **Provision of information to auditors**

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

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

# Thomas Cook Services Limited

Registered number 3028914

## Directors' report (continued)

### Independent auditors

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

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

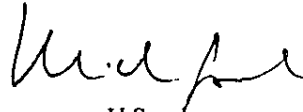


N Arthur  
Director

MARCH 21, 2013

### Registered office

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



U Spence  
Director

# **Thomas Cook Services Limited**

Registered number 3028914

## **Independent auditors' report to the members of Thomas Cook Services Limited**

We have audited the financial statements of Thomas Cook Services Limited for the year ended 30 September 2012, which comprise the Statement of comprehensive income, the Balance sheet, Statement of changes in equity, 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 Statement of directors' responsibilities, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its result 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



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

**Thomas Cook Services Limited**  
Registered number 3028914

**Statement of comprehensive income**  
**Year ended 30 September 2012**

	Notes	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
Revenue	3	65,083	69,751
Cost of sales		<u>(45,551)</u>	<u>(50,158)</u>
<b>Gross profit</b>		19,532	19,593
Operating expenses	4	<u>(19,532)</u>	<u>(19,593)</u>
<b>Operating result</b>		-	-
Income tax		<u>-</u>	<u>-</u>
<b>Total comprehensive result for the year</b>		<u>-</u>	<u>-</u>

All of the revenues and results arose from continuing operations

The notes on pages 11 to 16 are an integral part of the financial statements

# Thomas Cook Services Limited

Registered number 3028914

## Balance sheet

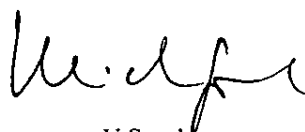
As at 30 September 2012

	Notes	30 September 2012 £'000	30 September 2011 £'000
<b>Current assets</b>			
Trade and other receivables	9	20,884	780
Cash and cash equivalents	8	-	-
		<u>20,884</u>	<u>780</u>
<b>Total assets</b>		<u>20,884</u>	<u>780</u>
<b>Current liabilities</b>			
Borrowings	10	(20,558)	(454)
		<u>(20,558)</u>	<u>(454)</u>
<b>Total liabilities</b>		<u>(20,558)</u>	<u>(454)</u>
<b>Net assets</b>		<u>326</u>	<u>326</u>
<b>Equity</b>			
Share capital	11	2	2
Retained earnings		<u>324</u>	<u>324</u>
<b>Total equity</b>		<u>326</u>	<u>326</u>

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on 2013 [Date] They were signed on its behalf by



N Arthur  
Director



U Sperl  
Director



## **Thomas Cook Services Limited**

Registered number 3028914

### **Statement of changes in equity As at 30 September 2012**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
Balance at 1 October 2010	2	324	326
Result for the year and total comprehensive result	-	-	-
Balance at 30 September 2011	2	324	326
Result for the year and total comprehensive result	-	-	-
Balance at 30 September 2012	2	324	326

**Thomas Cook Services Limited**  
Registered number 3028914

**Cash flow statement**  
**Year ended 30 September 2012**

	Notes	Year ended 30 September 2012 £'000	Year ended 30 September 2011 £'000
<b>Cash flows from operating activities</b>			
Cash used in by operations	13	(20,104)	(13,334)
<b>Net decrease in cash and cash equivalents</b>		(20,104)	(13,334)
<b>Cash and cash equivalents at beginning of the year</b>		(454)	12,880
<b>Cash and cash equivalents at end of the year</b>	8	(20,558)	(454)

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2012

### 1 General information

Thomas Cook Services Limited is a limited liability company incorporated and domiciled in Great Britain under the Companies Act 2006. The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB, England. The nature of the Company's 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 as adopted by the European Union and filed with the Registrar of Companies.

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

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

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

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

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

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

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

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

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2012

### 1 General information (continued)

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

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

### 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below unless otherwise stated.

#### Basis of accounting

These financial statements have been prepared in accordance with IFRSs as adopted by the EU, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The accounting policies adopted are consistent with those of the previous financial period except for those which the Company has adopted in the year.

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

The Company has sufficient net assets and no cash flow obligations to third parties and accordingly the directors of Thomas Cook Services Limited have prepared these financial statements on a going concern basis.

#### Revenue recognition and associated costs

Revenue represents the fair value of consideration receivable from the sale of air transportation to Thomas Cook Scheduled Tour Operations Limited. Revenue and direct expenses relating to this service are taken to the income statement when earned, which is when the service has been provided.

#### Financial instruments

Given the simple nature of the Company's operations, the directors do not believe that the Company has any material exposure to price risk, credit risk, liquidity risk or cash flow risk. As such, no sensitivity analysis of the impact of reasonably possible changes in these risk variables on the Company has been presented.

#### Non derivative financial instruments

The treatment of non derivative financial instruments is set out below.

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2012

### 2 Significant accounting policies (continued)

#### *Trade and other receivables*

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

#### **Share capital**

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

#### **Critical judgements and key sources of estimation uncertainty**

Given the simple nature of the company's operations, the directors do not believe there are any critical judgements or key sources of estimation uncertainty in the preparation of these financial statements.

### 3 Revenue

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

	2012 £'000	2011 £'000
Sales of air transportation	65,083	69,751

### 4 Operating expenses

	2012 £'000	2011 £'000
Administrative expenses	(19,532)	(19,593)

### 5 Result before tax

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

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements

### Year ended 30 September 2012

#### 6 Employee information and directors' emoluments

The Company had no employees (other than directors) throughout the year or preceding year

The directors and key management personnel did not receive any remuneration from the Company during the year or preceding year. All remuneration was paid by fellow Group companies and is disclosed in the financial statement of Thomas Cook Group Plc

#### 7 Dividends

There were no dividends paid or proposed during the year ended 30 September 2012 (2011: £nil)

#### 8 Cash and cash equivalents

	2012 £'000	2011 £'000
Cash at bank and in hand	-	-
Borrowings	(20,558)	(454)
Cash and cash equivalents	<u>(20,558)</u>	<u>(454)</u>

As at 30 September 2012 and 30 September 2011, all cash at bank and short-term bank deposits were held with AA-rated institutions

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. The carrying amount of these assets approximates their fair value.

#### 9 Trade and other receivables

	2012 £'000	2011 £'000
<b>Current</b>		
Amounts due from group undertakings	<u>20,884</u>	<u>780</u>

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

The Company's credit risk is primarily attributable to these receivables. The amounts presented in the balance sheet include allowances for doubtful receivables. This allowance has been determined by reference to past default experience. 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.

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

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

At the year end, trade and other receivables of £nil (2011: £nil) were past due but not impaired.

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2012

### 10 Borrowings

	2012 £'000	2011 £'000
<b>Current</b>		
Bank overdrafts due on demand and unsecured	(20,558)	(454)

All borrowings are denominated in Sterling

### 11 Share capital

	2012 £'000	2011 £'000
<b>Authorised</b>		
2,000 (2011 2,000) ordinary shares of £1 each	2	2
<b>Allotted, issued and fully paid:</b>		
2,000(2011 2,000) ordinary shares of £1 each	2	2

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

### Capital Management

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

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

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

### 13 Notes to the cash flow statement

	2012 £'000	2011 £'000
Result before tax	-	-
Increase in receivables	(20,104)	(780)
Decrease in payables	-	(12,554)
Cash used in operating activities	(20,104)	(13,334)

See note 8 for a description of what has been included in the cash flow cash and cash equivalents categorisation

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2012

### 14 Contingent liabilities

At 30 September 2012 the Company has given guarantees and counter indemnities to banks totalling £4.2 million (2011 £4.2 million) in respect of bonding, letter of credit and guarantee facilities. The Company is also a guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group. Potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £25.9 million (2011 £25.9 million).

### 15 Related party transactions

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

Trading transactions	Sale of Services		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Parent and fellow subsidiary undertakings	65,083	69,751	45,551	50,158	20,884	780	-	-

Sales of goods to related parties were made at the Company's usual list prices.

The Company also paid a management charge to Thomas Cook Scheduled Tour Operations Limited of £19,532k (2011 £19,593k) 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.

### 16 Ultimate controlling party

The Company is a subsidiary of Airtours Holidays Limited, which is incorporated in England and Wales.

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

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