

Thomas Cook Services Limited
Annual report
for the year ended 30 September 2013

Registered number 3028914

WEDNESDAY



A34YHHSB

A07

02/04/2014

#218

COMPANIES HOUSE

Thomas Cook Services Limited

Contents

	Page
Directors' report	3 – 4
Strategic report	5 – 6
Independent auditors' report	7 – 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 16

Thomas Cook Services Limited

Registered number 3028914

Directors' report

The directors present their Directors' report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2013.

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2013 (2012 £nil).

There were no dividends paid or proposed during the year ended 30 September 2013 (2012 £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 Ailles (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

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. 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 Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements, and

Thomas Cook Services Limited

Registered number 3028914

Directors' report (continued)

Statement of directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

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 directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

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

28 March 2014

Registered office

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

Thomas Cook Services Limited

Registered number 3028914

Strategic report

The directors present their strategic report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2013.

Business review and principal activities

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 (2012: £nil) for the year and sales of £66,617k (2012: £65,083k). The Company has net assets of £424k (2012 (restated): £424k).

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. During the year beginning 1 October 2013, the Company has entered into a broking contract with Gold Medal International Limited for airline ticket sales. This activity is expected to continue.

Business environment

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

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

Strategy and future outlook

Growth in international tourism is closely correlated to economic growth and has enjoyed strong and sustained growth for most of the last three decades. Despite a backdrop of subdued economic growth, demand for international leisure travel has remained reasonably strong as consumer spending has held up and unemployment in key source markets has remained stable.

In most of the Group's operating segments, retail stores remain a significant distribution channel for mainstream package holidays. However, over time, the Group's strategy is to increase the share of mainstream package holidays sold online.

Thomas Cook and former retail outlets of The Co-operative Travel Group have continued their programme to integrate their high street networks to create the UK's largest high street travel retailer.

Principal risks and uncertainties

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

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our products and services
- Failure to implement the UK turnaround plan
- Environmental risks and regulations
- Major health and safety incident
- Loss of, or difficulty in replacing, senior talent

Thomas Cook Services Limited

Registered number 3028914

Strategic report (continued)

Key performance indicators (“KPIs”)

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 Services 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 page 42 of the Group’s annual report which does not form part of this report.

Financial risk management

Within the framework of its business operations, the Company is subject to credit risk as a result of debtor balances due from counterparties. The Company has no material exposure to price risk, liquidity risk or cash flow risk.

Credit risk

The Company’s principal financial assets are debtors, and amounts due from other Group undertakings. The Company’s credit risk is primarily attributable to these debtors. The amounts presented in the balance sheet are net of allowances for bad debt. 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.

Interest rate risk

The Company is subject to risks arising from interest rate movements in connection with the cost of servicing its short-term borrowings and the returns on its liquid assets. The risks associated with this are managed at a Group level in conjunction with the liquidity risk.

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



N Arthur
Director
28 March 2014

Registered office

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

Thomas Cook Services Limited

Registered number 3028914

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

Our opinion

In our opinion the financial statements

- Give a true and fair view of the state of the Company's affairs as at year end 30 September 2013 and of its results for the year ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say below

What we have audited

The financial statements for the year ended 30 September 2013, which are prepared by Thomas Cook Services Limited, comprise

- the balance sheet, statement of comprehensive income and statement of changes in equity,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on matter prescribed by the Companies Act 2006

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

Thomas Cook Services Limited

Registered number 3028914

Independent auditors' report to the members of Thomas Cook Services Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility


Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, 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 ISAs (UK & 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



Charles Joseland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
28 March 2014

Thomas Cook Services Limited
Registered number 3028914

Statement of comprehensive income
Year ended 30 September 2013

	Notes	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Turnover	3	66,617	65,083
Cost of sales		<u>(52,689)</u>	<u>(45,551)</u>
Gross profit		13,928	19,532
Operating expenses	4	<u>(13,928)</u>	<u>(19,532)</u>
Result on ordinary activities before taxation	5	-	-
Tax on result of ordinary activities		<u>-</u>	<u>-</u>
Result for the financial year and total comprehensive result for the year		<u>-</u>	<u>-</u>

All of the revenue and results arose from continuing operations

There is no recognised income or expenses for either year other than the result for the year, consequently no other comprehensive income has been presented

Thomas Cook Services Limited
Registered number 3028914

Balance sheet
As at 30 September 2013

	Notes	30 September 2013 £'000	<i>Restated</i> 30 September 2012 £'000
Current assets			
Debtors	7	38,497	20,982
Total assets		<u>38,497</u>	<u>20,982</u>
Creditors Amounts falling due within one year			
Borrowings	8	<u>(38,073)</u>	<u>(20,558)</u>
Total liabilities		<u>(38,073)</u>	<u>(20,558)</u>
Net assets		<u>424</u>	<u>424</u>
Capital and reserves			
Called up share capital	9	100	100
Retained earnings		<u>324</u>	<u>324</u>
Total shareholders' funds		<u>424</u>	<u>424</u>

The notes on pages 12 to 16 form part of the financial statements

The financial statements on pages 9 to 16 were approved by the board of directors and authorised for issue on 28 March 2014. They were signed on its behalf by



N Arthur
Director

28 March 2014

Thomas Cook Services Limited
Registered number 3028914

Statement of changes in equity
As at 30 September 2013

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2012 (restated)	100	324	424
Result for the year and total comprehensive result	-	-	-
Balance at 30 September 2013	100	324	424

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements Year ended 30 September 2013

1 General information

Thomas Cook Services Limited is a limited liability company incorporated and domiciled in England and Wales 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 Strategic 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 England and Wales) which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Registrar of Companies.

2 Significant accounting policies

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

Basis of Preparation

These are the first financial statements of the Company prepared in accordance with FRS 101. The company has elected to early adopt FRS 101. The Company's date of transition to FRS 101 is 1 October 2011. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 September 2013 the company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS101. This transition is not considered to have had a material effect on accounting policies applied in these financial statements, which are consistent with the previous financial year except for those which the Company has adopted in the year.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Thomas Cook Group plc. The group financial statements of Thomas Cook Group plc are available to the public and can be obtained as set out in note 11.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements Year ended 30 September 2013

1 Significant accounting policies (continued)

Basis of Preparation (continued)

The Company is reliant on the support of the fellow group undertaking Thomas Cook Investments (2) Limited. This support has been formally provided and accordingly the directors of Thomas Cook Services Limited have prepared these financial statements on a going concern basis.

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

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 1 Amendment "Presentation of Items of Other Comprehensive Income" is effective for annual reporting periods commencing on or after 1 July 2012. The amendment requires disclosure of items that may be reclassified to profit or loss and items that will not be reclassified to profit or loss.

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.

Debtors

Debtors 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 debtors 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 debtors. 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 debtors are 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 debt is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the Statement of comprehensive income.

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements Year ended 30 September 2013

2 Significant accounting policies (continued)

Non derivative financial instruments (continued)

Borrowings

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

Cash and cash equivalents

Cash and cash equivalents normally includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

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.

Restatement of Comparatives

During the year it was identified that net assets were understated by £98k as a result of 98k ordinary shares issued at £1 nominal value not being reported in the 2012 financial statements. Below is an analysis of the balances reported in the 2012 financial statements and comparatives as restated within the 2013 financial year.

	2012	Adjustment	<i>Restated</i> 2012
	£'000	£'000	£'000
Debtors	20,884	98	20,982
Share Capital	2	98	100

3 Turnover

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

	2013 £'000	2012 £'000
Sales of air transportation	66,617	65,083

Thomas Cook Services Limited

Registered number 3028914

Notes to the financial statements Year ended 30 September 2013

4 Operating expenses

	2013 £'000	2012 £'000
Administrative expenses	(13,928)	(19,532)

The company did not have any employees during the year (2012 nil)

5 Result on ordinary activities before taxation

Auditors' remuneration is paid for centrally by Thomas Cook Retail Limited. The audit fee is apportioned across the entities within the Group based on an allocation method. No apportionment of fees has been made to the Company. No audit fees or non-audit fees were paid directly by the Company. Amounts payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of Thomas Cook Group plc.

6 Directors' remuneration

Directors' emoluments

Directors' emoluments are paid for by a fellow Group member. Remuneration is apportioned across the entities within the Group based on an allocation method. No apportionment of emoluments has been made to the Company as a result of this exercise.

7 Debtors

	2013 £'000	2012 £'000
		<i>Restated</i>
Amounts falling due within one year		
Amounts due from group undertakings	38,497	20,982

In the current year the 2012 comparatives were restated, refer to page 14 for an analysis of the prior year restatement.

8 Borrowings

	2013 £'000	2012 £'000
Current		
Bank overdrafts due on demand and unsecured	(38,073)	(20,558)

All borrowings are denominated in Sterling. Bank overdrafts are included in financial liabilities in Creditors. Amounts falling due within one year. The carrying amount of these assets approximates their fair value. Interest expense on this overdraft is borne by another group company, Thomas Cook Scheduled Tour Operations.

Notes to the financial statements

Year ended 30 September 2013

9 Called up share capital

	2013 £'000	<i>Restated</i> 2012 £'000
Authorised:		
100,000 (2012 <i>restated</i> 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:		
100,000 (2012 <i>restated</i> 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

In the current year the 2012 comparatives were restated, refer to page 14 for an analysis of the prior year restatement

10 Contingent liabilities

At 30 September 2013 the Company has given guarantees and counter indemnities to banks totalling £4,200k (2012 £4,200k) 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 £4,200k (2012 £25,900k).

11 Ultimate controlling party

The Company is a subsidiary of Close Number 1 Limited, which is incorporated in England and Wales.

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

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.