

Thomas Cook Services Limited
Annual report
for the year ended 30 September 2009

Registered number 3028914

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Thomas Cook Services Limited

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Thomas Cook Services 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 year ended 30 September 2009.

Business Review & Principal Activities

Thomas Cook Services Limited 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 profit of £nil (2008: £nil) for the year and sales of £93,803 million (2008: £75,115 million). The company has net assets of £0.326 million (2008: £0.326 million). Net cash inflow from operating activities for 2009 was £9.5 million (2008: inflow £0.037 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.

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 page 46 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 and preceding period, the company made no donations for charitable or political purposes.

Dividends

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

Directors

The directors, who served throughout the year were as follows:

C J Gadsby
D M W Hallisey

Thomas Cook Services Limited

Directors' Report (continued)

Company Secretary

D M W Hallisey (resigned 15 July 2009)

S Bradley (appointed 15 July 2009)

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 5B

By order of the Board,



C J Gadsby, Director
19th February 2010

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 2009, which comprise the Income Statement, 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 3 - 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 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 result 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.



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

Date 19 February 2010

Thomas Cook Services Limited

Income statement

Year ended 30 September 2009

	Notes	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Revenue	3	93,803	75,115
Cost of sales		(69,839)	(54,083)
Gross profit		23,964	21,032
Operating expenses	4	(23,964)	(21,032)
Profit before and after tax for the period	12	-	-
Attributable to			
Equity holders of the company		-	-

All of the revenues and results arose from continuing operations

There are no recognised income or expenses for either period other than the result for the year, consequently no separate statement of recognised income and expenses has been presented

Thomas Cook Services Limited

Balance sheet

30 September 2009

	Notes	30 September 2009 £'000	30 September 2008 £'000
Current assets			
Trade and other receivables	8	-	304
Cash and cash equivalents	9	9,548	22
		<u>9,548</u>	<u>326</u>
Total assets		<u>9,548</u>	<u>326</u>
Current liabilities			
Trade and Other Creditors	10	(9,222)	-
		<u>(9,222)</u>	<u>-</u>
Total liabilities		<u>(9,222)</u>	<u>-</u>
Net assets		<u>326</u>	<u>326</u>
Equity			
Called up share capital	11	2	2
Retained earnings	12	324	324
Equity attributable to equity holders of the company		<u>326</u>	<u>326</u>

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



C J Gadsby, Director

Thomas Cook Services 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 from operating activities			
Cash generated by operations	13	9,526	37
Income taxes paid		-	-
		<u>9,526</u>	<u>37</u>
Investing activities			
Net cash used in investing activities		-	-
Financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		9,526	37
Cash and cash equivalents at beginning of the period		22	(15)
Effects of exchange rate changes		-	-
Cash and cash equivalents at end of the period	9	<u>9,548</u>	<u>22</u>

Thomas Cook Services Limited

Notes to the financial statements **Year ended 30 September 2009**

1 General information

Thomas Cook Services 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.

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.

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.

Thomas Cook Services Limited

Notes to the financial statements Year ended 30 September 2009

1 General information (continued)

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.

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, those International Financial Reporting Interpretations Committee (IFRIC) interpretations that are relevant to its operations and effective for accounting periods beginning on 1 November 2007, and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The financial statements have been prepared on a going concern basis. The company's immediate parent, Airtours Holidays Limited has indicated its continuing commitment and support for the further development of the tour operating business. Adequate bank facilities have been obtained and the directors of Thomas Cook Group PLC (Thomas Cook Services Limited's intermediate holding company) intend to make sufficient amounts available to the company to enable it to meet its liabilities as they fall due and to continue as a going concern.

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

Revenue recognition and associated costs

Revenue represents the aggregate amount of gross revenue 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.

Pension

The company does not provide pension scheme arrangements.

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.

Critical judgments and key sources of estimation uncertainty

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

Thomas Cook Services Limited

Notes to the financial statements Year ended 30 September 2009

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 air transportation	93,803	75,115

4 Operating expenses

	Year ended 30 September 2009 £'000	Eleven months ended 30 September 2008 £'000
Administrative expenses	(23,964)	(21,032)
	(23,964)	(21,032)

5 Profit before tax

Amount payable to PricewaterhouseCoopers LLP and their associates by the company in respect of non-audit services were £nil (2008 £nil) Auditors' remuneration is paid for centrally

6 Employee information and directors' emoluments

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

The directors did not receive any remuneration from the company during the year or preceding period All remuneration was paid by fellow Group companies

7 Dividends

There were no dividends paid or proposed during the year ended 30 September 2009 (Period ended 30 September 2008 £nil)

Thomas Cook Services Limited

Notes to the financial statements Year ended 30 September 2009

8 Trade and other receivables

	30 September 2009 £'000	30 September 2008 £'000
Current assets		
Other receivables	-	304
	<u>-</u>	<u>304</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.

Credit quality of financial assets

The company's only financial assets are other receivables, and as such the company's credit risk is attributable to these other 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. No impairments have been made against these financial assets, and none of these assets are overdue.

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

9 Cash and cash equivalents

	30 September 2009 £'000	30 September 2008 £'000
Cash at bank and in hand	9,548	22
	<u>9,548</u>	<u>22</u>

As at 30 September 2009 and 30 September 2008, 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. 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		
Cash at bank and in hand	9,548	22
Bank overdrafts due on demand and unsecured	-	-
	<u>9,548</u>	<u>22</u>

Thomas Cook Services Limited

Notes to the financial statements Year ended 30 September 2009

10 Trade and other payables

	30 September 2009 £'000	30 September 2008 £'000
Current		
Amounts due from Group undertakings	(9,222)	-

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.

11 Called up share capital

	30 September 2009 £	30 September 2008 £
Authorised:		
2,000 ordinary shares of £1 each	2,000	2,000
Allotted, issued and fully paid:		
2,000 ordinary shares of £1 each	2,000	2,000

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

Thomas Cook Services Limited

Notes to the financial statements Year ended 30 September 2009

12 Statement of changes in shareholders' equity

	Share Capital £'000	Retained earnings £'000	Shareholders' equity £'000
Balance at 31 October 2007	2	324	326
Net profit for the period	-	-	-
Balance at 30 September 2008	2	324	326
Net profit for the period	-	-	-
Balance at 30 September 2009	2	324	326

13 Notes to the cash flow statement

	Year ended 30 September 2009	Eleven months ended 30 September 2008
Operating loss from continuing operations and operating cash outflows before movements in working capital	-	-
(Increase)/decrease in receivables	304	37
Increase/(decrease) in payables	9,222	-
Cash used in operating activities	9,526	37

See note 10 for a description of what has been included in the cash flow cash and cash equivalents categorisation

14 Related party transactions

Transactions between the company and other members of the Thomas Cook Group PLC 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	93,803	75,115	69,839	54,083	-	304	9,222	-
Subsidiaries	-	-	-	-	-	-	-	-

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

Thomas Cook Services Limited

Notes to the financial statements

Year ended 30 September 2009

15 Ultimate controlling party

The Company is a subsidiary of Thomas Cook 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

16 Post balance sheet events

There are no events that have occurred after the balance sheet date that will affect the future of Thomas Cook Services Limited