

Thomas Cook Services Limited
Annual report
for the year ended 30 September 2010

Registered number 3028914



Thomas Cook Services Limited

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Thomas Cook Services Limited

Registered number 3028914

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 2010.

Business Review & Principal Activities

Thomas Cook Services Limited is a wholly owned subsidiary of Thomas Cook Group plc, a company that is listed on the London Stock Exchange.

The results for the Company show a pre tax result of £nil (2009 £nil) for the year and sales of £67.2 million (2009 £93.8 million). The Company has net assets of £0.3 million (2009 £0.3 million). Net cash inflow from operating activities for 2010 was £12.9 million (2009 £9.5 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 pages 24-25 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 year, 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 2010 (2009 £nil).

Directors

The directors who served throughout the year were as follows:

C J Gadsby
D M W Hallisey

Directors' Report (continued)

Company Secretary

S Bradley

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 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.

Auditors

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,



D M W Hallisey, Director
24 February 2011

Thomas Cook Services Limited

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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 2010, 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 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 2010 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.



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

24 February 2011

Thomas Cook Services Limited
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Statement of comprehensive income

Year ended 30 September 2010

	Notes	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Revenue	3	67,162	93,803
Cost of sales		(48,634)	(69,839)
Gross profit		18,528	23,964
Operating expenses	4	(18,528)	(23,964)
Total comprehensive result for the year		-	-

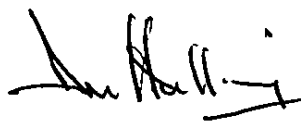
Thomas Cook Services Limited
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Balance sheet

30 September 2010

	Notes	30 September 2010 £'000	30 September 2009 £'000
Current assets			
Cash and cash equivalents	8	12,880	9,548
		<u>12,880</u>	<u>9,548</u>
Total assets		<u>12,880</u>	<u>9,548</u>
Current liabilities			
Trade and other payables	9	(12,554)	(9,222)
		<u>(12,554)</u>	<u>(9,222)</u>
Total liabilities		<u>(12,554)</u>	<u>(9,222)</u>
Net assets		<u>326</u>	<u>326</u>
Equity			
Called up share capital	10	2	2
Retained earnings		<u>324</u>	<u>324</u>
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 24th February 2011. They were signed on its behalf by



D M W Hallisey, Director

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Statement of changes in equity

	Share Capital £'000	Retained earnings £'000	Shareholders' equity £'000
Balance at 31 October 2008	2	324	326
Result for the period	-	-	-
Balance at 30 September 2009	2	324	326
Result for the period	-	-	-
Balance at 30 September 2010	2	324	326

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Cash flow statement

Year ended 30 September 2010

	Notes	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Cash flows from operating activities			
Cash generated by operations	11	3,332	9,526
Net increase in cash and cash equivalents		3,332	9,526
Cash and cash equivalents at beginning of the period		9,548	22
Cash and cash equivalents at end of the period	8	12,880	9,548

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Notes to the financial statements

Year ended 30 September 2010

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. 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. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

In the current year, the following new or amended standards have been adopted and have affected the amounts reported or the disclosure and presentation in these financial statements:

IAS 1 (Revised) 'Presentation of Financial Statements' is effective for annual reporting periods commencing on or after 1 January 2009. The amendments require a number of presentational changes, including the introduction of a statement of comprehensive income and the requirement to present a statement of changes in equity as a primary statement. The statement of comprehensive income represents all items of recognised income and expense in either one statement or two linked statements. Management has elected to present one statement.

In the current year, the following new or amended standards and interpretations have also 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.

IFRS 7 (Amendment) 'Financial instruments: disclosure' is effective for annual reporting periods commencing on or after 1 July 2009. The amendment requires enhanced disclosure for fair value and measurement risk.

IAS 32 (Amendment) 'Financial instruments: presentation' is effective for annual reporting periods commencing on or after 1 January 2009. The amendment clarifies the treatment of puttable financial instruments, whereby puttable instruments meeting certain criteria are treated as equity as opposed to financial liabilities.

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:

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.

IAS 32 (Amendment) 'Classification of rights' is effective for annual periods commencing on or after 1 February 2010. The amendment clarifies the treatment of rights, options or warrants issued to acquire a fixed number of an entity's own equity instruments for a fixed amount of consideration.

IFRS 9 'Financial instruments' is effective for annual reporting periods commencing on or after 1 January 2013. This standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.

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Notes to the financial statements Year ended 30 September 2010

1 General information (continued)

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 is not allowed to recognise an asset for the prepayment of a minimum funding agreement.

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.

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 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.

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Notes to the financial statements Year ended 30 September 2010

3 Revenue

An analysis of the Company's revenue is as follows

	30 September 2010 £'000	30 September 2009 £'000
Sales of air transportation	<u>67,162</u>	<u>93,803</u>

4 Operating expenses

	30 September 2010 £'000	30 September 2009 £'000
Administrative expenses	<u>(18,528)</u>	<u>(23,964)</u>
	<u>(18,528)</u>	<u>(23,964)</u>

5 Profit before tax

Amount payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services were £nil (2009 £nil) Auditors' remuneration is paid for centrally by Thomas Cook Retail Limited

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 2010 (2009 £nil)

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Notes to the financial statements
Year ended 30 September 2010

8 Cash and cash equivalents

	30 September 2010 £'000	30 September 2009 £'000
Cash at bank and in hand	12,880	9,548
	<u>12,880</u>	<u>9,548</u>

As at 30 September 2010 and 30 September 2009, 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.

9 Trade and other payables

	30 September 2010 £'000	30 September 2009 £'000
Current		
Amounts due from group undertakings	(12,554)	(9,222)

The directors consider that the carrying amount of trade payables approximates their fair value. The amounts owed to the group undertakings are unsecured, payable on demand and are interest free.

10 Called up share capital

	30 September 2010 £'000	30 September 2009 £'000
Authorised:		
2,000 ordinary shares of £1 each	2	2
Allotted, issued and fully paid:		
2,000 ordinary shares of £1 each	2	2

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

Notes to the financial statements

Year ended 30 September 2010

11 Notes to the cash flow statement

	30 September 2010 £'000	30 September 2009 £'000
Result before tax	-	-
(Increase)/decrease in receivables	-	304
Increase/(decrease) in payables	3,332	9,222
Cash used in operating activities	<u>3,332</u>	<u>9,526</u>

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

12 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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Parent and fellow subsidiary undertakings	67,162	93,803	48,634	69,839	-	-	12,554	9,222

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 £18,528k (2009 £23,964k) 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

13 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

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

14 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