

**Thomas Cook Services Limited**  
**Revised annual report**  
**for the year ended 30 September 2015**  
**(AMENDED)**

**Registered number 3028914**

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# Thomas Cook Services Limited

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# **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 2015.

### **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 (2014: £nil) for the financial year and turnover of £1,137 million (2014: £1,290 million). The Company has net assets of £424,000 (2014: £424,000).

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 other wholly-owned Companies within the Thomas Cook Group. The Company provides these services to Thomas Cook Tour Operations Limited.

### **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**

The Group's key objectives in package travel are to improve margins through better product mix and reduce underlying costs, thus again driving an improvement in achieved margin.

Product mix is a key factor in attracting and retaining packaged customers and in driving higher margins. The Group is focused on optimising the proportion of exclusive hotels, differentiated and unique concept holidays and replicating successful formats across a range of destinations. As these products are developed and offered exclusively by the Group, they do not lend themselves to direct price comparison. To the extent that customers value their unique features, these products also tend to encourage earlier booking and higher loyalty. As a result, exclusive and differentiated products attract a higher average selling price and margin than our more standard packages.

Cost management is another important element in a successful package holiday operation. Accommodation and aviation costs are significant, so a relatively modest movement can have a significant impact on performance. In these areas, the Group has taken action to coordinate purchasing across its segments, leveraging its combined scale.

It is planned that in 2016 Thomas Cook Services Limited will launch a Joint Venture with Fosun International Limited ("Fosun") to develop domestic, inbound and outbound tourism activities for the Chinese market under Thomas Cook brands. The joint venture will be 51% owned by Fosun and 49% by Thomas Cook Services. The joint venture will combine Thomas Cook's brand heritage, know-how and expertise in international travel with Fosun's in-depth local market knowledge and operational resources, enabling Thomas Cook to benefit from direct exposure to China's growing demand for leisure travel. Consequently it is expected that Thomas Cook Services Limited will incur costs and receive income in future relating to the management of the joint venture.

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## Strategic report (continued)

### 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. We include in this list how the risks are mitigated:

1. The Thomas Cook Group's New Operating Model (NUMO), the next phase of our transformation, fails to deliver our strategic and operational targets.
  - Bi-weekly status reports on each project submitted to the Senior Management Team
  - Monthly Group Transformation Review meetings attended by senior management including CEO and CFO, during which progress and issues are discussed and addressed.
  - Financial benefits and KPIs are incorporated in the Thomas Cook Group FY16-FY18 business plan and delivery is tracked as part of the business review process.
2. Failure to recruit or retain the right people at the right time will lead to a lack of capability or capacity to enable the implementation of our business strategy.
  - Our performance management system was implemented in 2014 and tracks the performance and potential of all our employees.
  - Our high potential talent is identified and nurtured through an Executive Developed programme and our Emerging Talent programme is currently being developed.
  - Reward schemes are regularly evaluated to drive and reward performance and to ensure retention of key talent.
  - Our annual engagement survey allows us to assess employee motivation and commitment and identify actions we need to implement to enable talent retention.
3. IT architecture is unable to support the needs of the business.
  - The first phase of our IT transformation has been successfully completed and the second phase is proceeding as planned.
  - Our simplified and automated service delivery process ensures requests from the business are addressed in a timely manner.
  - Weekly reviews between business unit IT Heads to prevent any IT issues across the business.
  - IT works closely within the business to ensure NUMO initiatives have the appropriate level of support.
4. Information security and cyber threats are currently a priority across all industries and remain a key Government agenda item. The Group recognises that we have high risk exposure in this area and has added this as a new principal risk.
  - Our Information Security Steering Group has been established to provide oversight of the cyber risk framework and ensure appropriate mitigations are in place.
  - Our Security Improvement programme is underway and aims to provide the following mitigations:
    - Group Security Policies
    - Security Awareness Training
    - Detect and Respond Monitoring Service for websites, data centres and critical systems.
    - Vulnerability Management service to test website and system security.
5. A decision or a course of action is perceived negatively by the media, investors and/or general public which in turn impacts the corporate reputation of the Group and its share price.
  - As part of our risk management process, we identify all events that may have a potential reputational impact to the Group and ensure that controls are in place to manage these risks.
  - We have a clear plan in place to respond to the potential reputational consequences of an event which includes cooperation between investor relations, public relations, HR and legal teams to identify and prepare responses to incidents and potential issues. The plan has been strengthened this year based on the lessons learnt during the Corfu Inquest.
  - We monitor stakeholder and governmental reactions to ensure we respond to emerging political and regulatory developments.

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## Strategic report (continued)

### Principal risks and uncertainties (continued)

6. Cash generation limits the ability to strategically manage debt repayment and/or dividend payment.
  - We proactively monitor our short, medium and long –term cash requirements and liquidity headroom.
  - Our cost-out and profit improvement initiatives are successfully contributing to cash availability.
  - We continue to monitor all opportunities to manage liquidity requirements and maintain an adequate level of contingency as well as seeking to lower the average cost of debt over the medium term.
7. Due to the nature of its business, the Group will always be exposed to a risk of a health and safety incident that may impact our customers or colleagues together with associated reputational damage.
  - We operate a robust safety management system (SMS) to ensure the implantation of our Health and Safety Policies and procedures.
  - The Group Health, Safety and Security team implement the SMS, which is further supported by a reputable external specialist (SGS).
  - The Group regularly reviews and updates its safety and security training programmes to ensure they continue to reflect best practice.
  - Our Health and Safety Audit programme, which is delivered by external specialists, measures standards and includes a clear escalation and decision process. The programme also includes a robust follow-up process.
  - The assessment of Health and Safety risks is inbuilt into daily management routines and is monitored by a structure of health and safety committees that are in turn overseen by a corporate Health, Safety & Environmental committee with Board level oversight. The report of the Health, Safety & Environmental Committee can be found on page 83 of the group financial statements which can be obtained as set out in note 11.
8. Increasing security threats and general socio/political uncertainties negatively impacting our key markets and reduce the demand for travel related products.
  - Our flexible business model allows us to align our committed capacity to fluctuating demand.
  - As part of our destination strategy, we continue to add new destinations to our portfolio, thereby mitigating the effect of factors which may negatively impact demand for travel to certain regions.
  - We actively monitor the socio/political landscape to ensure we have an early indication of emerging risk and are available to respond in an appropriate and timely manner.
  - We have a dedicated Crisis Management Team who have the requisite resource and skills to ensure that adequate emergency response is provided to ensure the welfare of our customers.
  - All of our senior management regularly participate in crisis management scenarios.
9. Failure to comply with regulatory, legislative and corporate social responsibility requirements in the legal jurisdictions where Thomas Cook Operates.
  - We have a dedicated Legal Team to ensure full compliance with formal regulatory requirements which monitors all current and emerging regulatory developments in our source markets. The team receives regular training to provide awareness of critical changes in relevant legislation or case law.
  - Our Code of Conduct is backed by a comprehensive training programme to ensure that it is fully embedded across the Group.
  - Our Legal Risk Database enables communication and timely analysis of all risks related to regulatory, legislative and corporate social responsibility requirements.

For further information on the potential impact of these risks and how they are mitigated by the Group, please refer to pages 58-59 of the Group's annual report.

## **Strategic report (continued)**

### **Financial risk management**

The Company is subject to risks related to liquidity and cash flow risks, credit risk and counterparty credit risk within the framework of its business operations.

#### ***Liquidity and cash flow risk***

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity position of the Company is significantly influenced by the payment pattern of customers. As a result, liquidity is at its lowest in the winter months and at its highest in the summer months. The Company manages the seasonal nature of its liquidity by making use of its bank revolving credit facility. Short-term liquidity is primarily invested in bank deposits.

#### ***Credit risk***

Credit risk is the risk that an entity will cause a financial loss for the other party by failure to discharge an obligation. The Company's principal financial assets are trade and other receivables, and amounts due from other Group undertakings. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

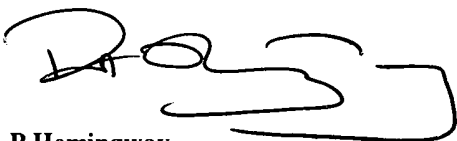
#### ***Counterparty credit risk***

The Company is exposed to credit risk in relation to deposits, derivatives with a positive fair value and trade and other receivables. The maximum exposure in respect of each of these items at the balance sheet date is their carrying value. The Company assesses its counterparty exposure in relation to the investment of surplus cash, foreign exchange and undrawn credit facilities. The Company uses published credit ratings, credit default swap prices and share price performance in the previous 30-day period to assess counterparty strength and therefore to define the credit limit for each counterparty.

### **Key performance indicators (KPI's)**

The directors of Thomas Cook Group plc manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Thomas Cook 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 36 of the Group's annual report which does not form part of this report.

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



**P Hemingway**  
Director  
27 September 2016

**Registered office**  
Westpoint  
Peterborough Business Park  
Lynchwood  
Peterborough  
PE2 6FZ

# **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 2015.

Please refer to the strategic report for the business review, future developments, and financial risk management of the Company.

### **Dividends**

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2015 (2014: £nil).

There were no dividends paid or proposed during the year ended 30 September 2015 (2014: £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:

P Hemingway (appointed 16 October 2014)  
U Sperl (resigned 16 October 2014)  
A Marsden (appointed 28 August 2015)  
Thomas Cook Group Management Services Limited

### **Company secretary**

S Bradley

### **Directors' indemnities**

In accordance with its Articles, the Company has made qualifying third party indemnity provisions, to the extent permitted by law, for the benefit of its directors. These were made during the year and remain in force at the date of this report. 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:

## **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.

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



**P Hemingway**

Director

27 September 2016

### **Registered office**

Westpoint  
Peterborough Business Park  
Lynchwood  
Peterborough  
PE2 6FZ



# **Thomas Cook Services Limited**

Registered number 3028914

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

### **Report on the revised financial statements**

#### **Our opinion on the revised financial statements**

In our opinion, Thomas Cook Services Limited's revised financial statements (the "revised financial statements"):

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

#### **Emphasis of matter – revision of financial statements**

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to these revised financial statements concerning the need for revision because of the correction of a misstatement in the original financial statements. The original financial statements were approved on 27 January 2016. We have not performed a subsequent events review for the period from the date the original financial statements were approved to the date of this report.

#### **What we have audited**

Thomas Cook Services Limited's financial revised statements comprise:

- the balance sheet as at 30 September 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the revised financial statements, which include a summary of significant accounting policies and other explanatory information.

These revised financial statements replace the original financial statements approved by the directors on 27 January 2016.

The financial reporting framework that has been applied in the preparation of the revised financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework". The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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.

#### ***Opinion on other matters prescribed by the Companies Act 2006***

In our opinion:

- the original financial statements for the year ended 30 September 2015 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 1 to these revised financial statements; and

# **Thomas Cook Services Limited**

Registered number 3028914

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

### ***Opinion on other matters prescribed by the Companies Act 2006 (continued)***

- the information given in the Strategic Report and the Directors' Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements.

### ***Other matters on which we are required to report by exception***

#### **Adequacy of accounting records and information and explanations 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 revised 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 to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### ***Responsibilities for the revised financial statements and the audit***

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the revised 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 revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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 the Companies (Revision of Defective Accounts and Reports) Regulations 2008 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.

#### **What an audit of revised financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the revised 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 revised financial statements.

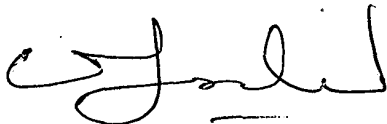
**Independent auditors' report to the members of Thomas Cook Services Limited (continued)**

**What an audit of revised financial statements involves (continued)**

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the revised financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited revised 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.



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

27 September 2016

**Thomas Cook Services Limited**  
Registered number 3028914

**Statement of comprehensive income**  
**Year ended 30 September 2015**

	Note	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Turnover	3	1,137,206	1,290,127
Cost of sales		<u>(1,064,784)</u>	<u>(1,205,952)</u>
<b>Gross profit</b>		72,422	84,175
Operating expenses	4	<u>(72,422)</u>	<u>(84,175)</u>
<b>Result on ordinary activities before taxation</b>	5	-	-
Tax on result of ordinary activities		-	-
<b>Result for the financial year and total comprehensive income for the year</b>		<u>-</u>	<u>-</u>

All of the turnover 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**  
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**Balance sheet**  
**As at 30 September 2015**

	Note	30 September 2015 £'000	30 September 2014 £'000
<b>Current assets</b>			
Debtors	7	601	8,105
<b>Total assets</b>		<u>601</u>	<u>8,105</u>
<b>Creditors: Amounts falling due within one year</b>			
Bank loans and overdrafts	8	<u>(177)</u>	<u>(7,681)</u>
<b>Total liabilities</b>		<u>(177)</u>	<u>(7,681)</u>
<b>Net assets</b>		<u>424</u>	<u>424</u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account		<u>324</u>	<u>324</u>
<b>Total shareholders' funds</b>		<u>424</u>	<u>424</u>

The notes on pages 15 to 19 form part of the financial statements.

The financial statements on pages 12 to 19 were approved by the Board of Directors and authorised for issue on 27 September 2016 and were signed on its behalf by:



**P Hemingway**  
Director  
27 September 2016

# Thomas Cook Services Limited

Registered number 3028914

## Statement of changes in equity For the year ended 30 September 2015

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2013	100	324	424
Result for the financial year and total comprehensive income for the year	-	-	-
Balance at 30 September 2014	100	324	424

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2014	100	324	424
Result for the financial year and total comprehensive income for the year	-	-	-
Balance at 30 September 2015	100	324	424

# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2015

### 1 General information

The revised financial statements replace the original financial statements for the year ended 30 September 2015. These are now the statutory financial statements of the company for this period. These statements have been prepared as at the date of the original annual financial statements and not as at the date of revisions and accordingly do not deal with events between those dates.

The original financial statements over-recorded turnover by £3.0m and cost of sales by £6.7m, and under-recorded administrative expenses by £3.7m. The statement of comprehensive income and notes 3 and 4 have been revised to correctly record these amounts.

Thomas Cook Services Limited is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Westpoint, Peterborough Business Park, Lynchwood, Peterborough, Cambridgeshire PE2 6FZ. 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, which is the Company's functional currency, 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.

### Basis of Preparation

The financial statements of Thomas Cook Services Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006, as applicable to companies using FRS101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 111 (cash flow statement information)
  - 38A (requirement for minimum of two primary financial statements, including cashflow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for third statement of financial position)
  - 134 – 136 (capital management disclosures), and
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

# **Thomas Cook Services Limited**

Registered number 3028914

## **Notes to the financial statements Year ended 30 September 2015**

### **1 General information (continued)**

#### **Basis of Preparation (continued)**

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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 on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is reliant on the support of the fellow group undertaking Thomas Cook Group plc. 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 32 "offsetting financial assets and liabilities" provides clarification on the application of offsetting rules relating to financial assets and financial liabilities. The amendment did not have a significant effect on the group financial statements.

IAS 36 "Impairment of assets" removes certain disclosures of the recoverable amounts of CGUs. The application of these amendments has no material impact on the disclosures in the group financial statements.

IAS 39 "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. The application of these amendments has not had any material impact on the group financial statements.

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

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective or EU endorsed:

IFRS 9 "Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2018. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets. The Company is assessing the impact of IFRS 9.

IFRS 15 "Revenue from contracts with customers" is effective for annual periods beginning on or after 1 January 2017. The Company is assessing the impact of IFRS 15.

There are no further IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company. The directors do not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.



# Thomas Cook Services Limited

Registered number 3028914

## Notes to the financial statements Year ended 30 September 2015

### 2 Significant accounting policies

#### Turnover recognition and associated costs

Turnover represents the fair value of consideration receivable from the sale of air transportation to Thomas Cook Tour Operations Limited. Turnover 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

##### *Trade and other receivables*

Trade and other receivables are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for irrecoverable amounts is established when there is objective evidence that Thomas Cook will not be able to collect all amounts due according to the original terms of the receivables.

The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. 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.

##### *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.

### 3 Turnover

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

	2015 £'000	2014 £'000
Sales of air transportation	1,137,206	1,290,127

# Thomas Cook Services Limited

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## Notes to the financial statements Year ended 30 September 2015

### 4 Operating expenses

	2015 £'000	2014 £'000
Administrative expenses	(72,422)	(84,175)

The company did not have any employees during the year (2014: nil).

### 5 Result on ordinary activities before taxation

Auditors' remuneration is paid for centrally by Thomas Cook UK 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

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	601	8,105

### 8 Bank loans and overdrafts

	2015 £'000	2014 £'000
<b>Current</b>		
Bank overdrafts due on demand and unsecured	(177)	(7,681)

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 Tour Operations Limited.

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## Notes to the financial statements Year ended 30 September 2015

### 9 Called up share capital

	2015 £'000	2014 £'000
<b>Authorised:</b>		
100,000 (2014:100,000) ordinary shares of £1 each	100	100
<b>Allotted, issued and fully paid:</b>		
100,000 (2014 :100,000) ordinary shares of £1 each	100	100

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

### 10 Contingent liabilities

At 30 September 2015 the Company has given guarantees and counter indemnities to banks totalling £2.06m (2014: £4.18m) 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. The Group potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £2.06m (2014: £4.18m).

### 11 Ultimate controlling party

The Company is a subsidiary of Thomas Cook Tour Operations 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 3<sup>rd</sup> Floor, South Building, 200 Aldersgate, London EC1A 4HD.

### 12 Post balance sheet events

In November 2015 the Company invested £758k in a Joint Venture with Fosun International Limited.