Future Travel Limited

Directors' report and financial statements

Registered number 3283092

10 January 2009

Contents

Directors' report

The directors present their report and financial statements for the year ended 10 January 2009.

Principal activities

The principal activities of the company during the year were that of a Telesales Travel Agent and the provision of Travel Agent Management Services.

Business review

The results for the year are set out on page 7 of the financial statements. During the year the company made a profit before taxation of £1,805,759 *(for the 50 week period ended 12 January 2008: profit of £2,055,623)*. The decline in profitability of 12.2% was mainly due to the failure of the XL Leisure Group on 11th September 2008. Losses arising to this failure amounted to £517,073 for the year in relation to items that could not be claimed back from the Civil Aviation Authority.

Development and performance of the business

The market for online travel has continued to increase during the period, largely at the expense of the direct selling mediums. The company has reviewed its selling channel strategy and will move away from the traditional media divisions towards web and individual customer database management. The trend away from traditional media has continued subsequent to the financial year end.

It is clear that the macro-economic conditions have affected the company's performance in the current trading period, although there is some evidence to suggest a change in booking patterns, delaying booking to nearer the departure date, is occurring and therefore delaying the sales.

Key Performance Indicators

The key performance indicators monitored by Company management are:

	2009	2008
Turnover (£'000)	**11,250**	11,162
Operating Profit (£'000)	**(188)**	347
Operating Profit Margin %	**(1.2%)**	3.0%
Cash Generated From Operations (£'000)	**2,163**	242

Operating profit margin has fallen by 4.2% due to the failure of the XL Leisure Group.

Parent Key Performance Indicators

The directors also monitor a number of Key Performance Indicators of the Group. These include financial performance, growth in and engagement of members of the Group, growing customer loyalty and corporate reputation of the Group. Further details on these key measures can be found on pages 20-22 of the Group's Annual Report.

Principal risks and uncertainties

The following risk factors may affect the Company's operating results and its financial condition. The risk factors described below are those which the Directors believe are potentially significant but should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

The commercial risks which may affect the trading performance of the Company include:

- acts of terrorism, particularly in key tourist destinations
- decline in economic conditions in the UK
- epidemics in key tourist destinations which threaten the health of tourists
- wars or other international uncertainty which affects air travel
- natural disasters in key tourist destinations
- weather conditions, both in the UK and key tourist destinations

Directors' Report *(continued)*

Principal risks and uncertainties *(continued)*

- changes in customer behaviour and preferences
- increases in government taxes

These factors may affect the Company by causing potential customers to cancel or postpone travel plans, reducing the earnings potential of the Company. The Company seeks to minimise such risks by offering products in a wide range of destinations.

Other risks are:

- Competition risks: The Company faces competition from both a growing number of internet based travel agents and accommodation and flight providers who are increasing the volume of sales they make directly to the general public. The Company seeks to offer a wide selection of products from a wide range of suppliers at competitive prices to maintain its market position.

- Regulatory and legal risks: The Company requires an ABTA and ATOL license to carry out its operations. Failure to satisfy any new or existing requirements could result in reductions to or cessation of some or all operations. The Company closely monitors changes to the legal and regulatory environment and prioritises actions necessary to meet changing requirements.

- IT risks: The Company is dependent on the uninterrupted operation of its IT systems and website. These systems are vulnerable to power loss, fire, computer viruses and other events. Loss of these systems would impair the ability of the Company to carry on its business effectively. IT risks are managed through the operation of support contracts, back up systems and continual risk assessment, which is capable of supporting the primary needs of the business.

Other key business risks and uncertainties affecting the company are considered to relate to trends in consumer spending and damage to our reputation or brand. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 24-25 of the Group's Annual Report which does not form part of this report.

Dividend

During the period an interim dividend of £1,455,611 was paid *(2008: £807,988)*. The directors do not recommend the payment of a final dividend (*2008: £1,103,714*).

Directors

The directors who held office during the year were as follows:

DJ Elstob
MD Greenacre
PL Healey
MC Nevin
N Braithwaite
PA Hemingway

Employees

Employees are provided with business specific communication and these are supported by two corporate publications: *Magma* magazine and *Us* magazine. All managers are kept informed about the Co-operative Group's performance through annual, interim and social accountability reports, management bulletins and Newsline, the electronic weekly news service.

The company's policy is to recruit disabled workers for those vacancies they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' Report *(continued)*

Creditor payment terms

The Co-operative Group Code on Business Conduct sets out the Society's and its subsidiaries' relationships with its suppliers and its undertaking to pay its suppliers on time and according to agreed terms of trade.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board

MD Greenacre
Director

28/4/09

Registered Office:
New Century House
Corporation Street
Manchester
M60 4ES

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and prevent and detect fraud and other irregularities.

KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of Future Travel Limited

We have audited the financial statements of Future Travel Limited for the year ended 10 January 2009, which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities set out on page 4 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors to the members of Future Travel Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 10 January 2009 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 April 2009

Income statement
for the year ended 10 January 2009

	Note	For year ended 10 January 2009 £000	For the 50 week period ended 12 January 2008 £000
Revenue		11,250	11,162
Administrative expenses		(11,564)	(11,270)
Other operating income		643	455
Significant items	*17*	(517)	-
Operating (loss)/profit		(188)	347
Financial income	*5*	671	732
Income from shares in group undertakings		1,323	977
Profit before taxation	*2-3*	1,806	2,056
Taxation	*6*	(158)	(359)
Profit for the period		1,648	1,697

All amounts relate to continuing operations.

Statement of Recognised Income and Expense

The company has no recognised gains or losses for the current and previous period other than those included in the profit and loss account.

Balance sheet
at 10 January 2009

	Notes	10 January 2009 £000	10 January 2009 £000	12 January 2008 £000	12 January 2008 £000
Non-current assets					
Property, plant and equipment	*7*		406		559
Intangible assets	*8*		146		146
Investments	*9*		-		-
Deferred tax asset	*10*		177		205
Total non-current assets			729		910
Current assets					
Trade and other receivables	*11*	1,324		1,060	
Cash and cash equivalents		14,950		13,503	
Total current assets			16,274		14,563
Total assets			17,003		15,473
Current liabilities					
Trade and other payables	*12*	(16,698)		(14,257)	
Total current liabilities			(16,698)		(14,257)
Total liabilities			(16,698)		(14,257)
Net assets			305		1,216
Equity					
Issued share capital	*13*		101		101
Retained earnings	*14*		204		1,115
Total equity			305		1,216

These financial statements were approved by the board of directors on 28 April 2009 and were signed on its behalf by:

MD Greenacre

Director

N Braithwaite

Director

Cash flow statement

For the year ended 10 January 2009

	Notes	For the year ended 10 January 2009 £000	For the 50 week period ended 12 January 2008 £000
Profit for the year		1,806	2,056
Adjustments for:			
Depreciation	2	304	454
Financial income		(671)	(732)
Income from shares in group undertakings		(1,323)	(977)
(Increase)/decrease in trade and other receivables		(264)	2
Increase/(decrease) in trade and other payables		2,441	(203)
Decrease in deferred tax provision		28	-
Taxation	6	(158)	(358)
Cash generated from operations		2,163	242
Cash flows from investing activities			
Acquisition of property, plant and equipment		(151)	(192)
Interest received	5	671	732
Dividend received		1,323	976
Net cash from investing activities		1,843	1,516
Cash flows from financing activities			
Equity dividends paid	14	(2,559)	(1,712)
Net cash from financing activities		(2,559)	(1,712)
Net increase in cash and cash equivalents		1,447	46
Cash and cash equivalents at 12 January 2008		13,503	13,457
Cash and cash equivalents at 10 January 2009		14,950	13,503

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Future Travel Limited (the Company) is a company domiciled in the UK. The address of the Company's registered office is New Century House, Corporation Street, Manchester, M60 4ES.

Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'). The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated accounts as it is a wholly owned subsidiary of Co-operative Group Limited, a society incorporated in England and Wales. These financial statements present information about the company as an individual undertaking only.

These are the company's first financial statements prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board (IASB). An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the company is provided in note 16.

The accounting policies set out below, have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS balance sheet at 28 January 2007 for the purpose of transition to IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Standards, amendments and interpretations issued but not yet effective

The Company has not early adopted the following statements;

IFRS 8, Operating Segments (mandatory for annual periods beginning on or after 1 January 2009) introduces the 'management approach' to segment reporting. IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The Company will apply IFRS 8 from 11 January 2009, but it is not expected to have any impact on the segmental information reported in the Company's accounts.

Amendments to IAS 23, Borrowing Costs (mandatory for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Provided the amendment is endorsed for application in the EU, the Company will apply the amendment to IAS 23 from 11 January 2009, but it is not expected to have any impact on the Company's accounts.

IFRIC 13 Customer Loyalty Programmes (mandatory for annual periods beginning on or after 1 July 2008) addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. Provided the interpretation is endorsed for application in the EU, the company will apply IFRIC 13 from 11 January 2009 but has not yet determined the potential effect of the interpretation.

Notes *(continued)*

1 Accounting policies *(continued)*

Standards, amendments and interpretations issued but not yet effective (continued)

Amendments to IAS 1, Presentation of Financial Statements (mandatory for periods beginning on or after 1 January 2009) require the Company to present both a Statement of Changes in Equity and a Statement of Recognised Income and Expense as primary statements. The amendment would also require two comparative balance sheets in the event of a prior period adjustment. Provided the interpretation is endorsed for application in the EU, the Company will apply IAS 1 from 11 January 2009. The amendment to IAS 1 will impact the type and amount of disclosures made in these financial statements, but will have no impact on the reported profits or financial position of the Company.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Property, plant, and equipment and depreciation

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings - 3 years

The residual value, if not insignificant, is reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value.

Intangible assets

(i) Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates, and joint ventures. In respect of business acquisitions that have occurred since 11 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

(ii) Licences
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(iii) Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation
Where there is indication of impairment an impairment review will be performed.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment

The carrying amount of the Company's assets, other than inventories and deferred tax assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount of the Company's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
In respect of these assets, an impairment loss is reversed if there has been a change in the estimates based on an event subsequent to the initial impairment used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

Pensions and other post-retirement benefits

The Company's employees are members of a Group wide pension scheme, the United Norwest Co-operatives Employees' Pension Fund. The Company contributes to the United Norwest Co-operatives Employees' Pension Fund in respect of its employees who are members of the Fund. The Fund is a defined benefit scheme but the Company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore contributions to the scheme are accounted for as if it were a defined contribution scheme. There is no contracted agreement or stated Group policy for charging the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 to individual Group entities, therefore Future Travel Limited, in its individual financial statements, cannot recognize the net defined cost so charged.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals.

Notes *(continued)*

1 Accounting policies *(continued)*

Revenue

Revenue is measured at the fair value of consideration received or receivable, net of cancellations. The company recognises revenue in the income statement when the significant risks and rewards of ownership have transferred to the customer which is considered to be at time of booking when the deposit is received.

A cancellation provision is carried to reflect the risk of cancellations to the customer bookings reflected in revenue at the year end but not departed. This provision is based on historic cancellation rates.

The majority of the Company's revenue is earned acting as an agent for third party tour operators.

2 Profit on ordinary activities before taxation

	For year ended 10 January 2009	For the 50 week period ended 12 January 2008
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Depreciation	**304**	454

Auditor's remunerations of £12,000 are borne by the Group.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	For year ended 10 January 2009	For the 50 week period ended 12 January 2008
Management and administration	**40**	60

The aggregate payroll costs of these persons were as follows:

	For year ended 10 January 2009	For the 50 week period ended 12 January 2008
	£000	£000
Wages and salaries	**1,115**	1,131
Social security costs	**100**	95
Other pension costs (see note 4)	**32**	26
	1,247	1,252

Directors' remuneration is respect of services provided to the Company were £59,500 (*for the 50 week period ended 12 January 2008 £65,420*).

Notes *(continued)*

4 Pension scheme

The Company is a subsidiary of Co-operative Group Limited which operates a defined benefit pension scheme - the United Norwest Co-operatives Employees' Pension Fund, the assets of which are held in a separate trust fund.

The pension costs are assessed in accordance with actuarial advice using the projected unit method.

The most recent valuation of the United Norwest Scheme was carried out by a qualified actuary in January 2008. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The actuarial valuation of the United Norwest Co-operatives Employees' Pension Fund as noted above has been updated to 10 January 2009.

The principal assumptions used by the actuary to determine the liabilities of the scheme were:

	2009	2008
Rate of increase in salaries	**4.75%**	5.15%
Future pension increases where capped at 5% pa	**3.25%**	3.65%
Future pension increases where capped at 2.5% pa	**2.5%**	2.5%
Discount rate	**5.70%**	5.65%

Assumptions used to determine the net pension cost for the scheme are:

	2009	2008
Discount rate	**5.65%**	5.40%
Expected long-term return on scheme assets	**6.5%**	7.30%
Rate of increase in salaries	**5.15%**	4.80%

The average life expectancy (in years) for mortality tables used to determine the scheme liabilities for the United Norwest Co-operatives Employees' Pension Fund at 10 January 2009 are:

Life expectancy at age 65	**Male**	**Female**
Member currently aged 65 (current life expectancy)	20.3	23.2
Member currently aged 45 (life expectancy at age 65)	21.3	24.1

Notes *(continued)*

4 Pension scheme *(continued)*

The fair value of the United Norwest Co-operatives Employees' Pension Fund's assets, which are intended to be realised in the future, may be subject to significant change before they are realised.

	2009 £m	2008 £m
The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(355.1)	(384.8)
Fair value of scheme assets	251.1	285.2
Net pension deficit	(104.0)	(99.6)
Reconciliation of fair value of scheme liabilities:		
Fair value of scheme liabilities at the beginning of the year:	384.8	-
Defined benefit liabilities acquired upon transfer of engagements of United Co-operatives Limited	-	366.9
Current service cost	10.2	5.4
Interest on liabilities	21.8	9.0
Contributions by members	4.4	2.1
Actuarial (gains)/losses recognised in equity	(44.9)	6.4
Gains on settlements and curtailments	(9.0)	-
Benefits paid	(12.2)	(5.0)
Fair value of scheme liabilities at the end of the year	355.1	384.8

	2009 £m	2008 £m
Reconciliation of fair value of scheme assets:		
Fair value of scheme assets at the beginning of the year:	285.2	-
Scheme assets acquired upon transfer of engagements of United Co-operatives Limited	-	272.5
Expected return on scheme assets	18.7	9.1
Actuarial (losses)/gains recognised in equity	(57.1)	0.8
Contributions by the employer	12.1	5.7
Contributions by members	4.4	2.1
Benefits paid	(12.2)	(5.0)
Fair value of scheme assets at the end of the year	251.1	285.2
The weighted-average asset allocations at the year-end were as follows:		
Equities	43%	48%
Diversified growth	15%	16%
Bonds	32%	27%
Property	7%	5%
Cash	3%	4%
	100%	100%

Notes *(continued)*

4 Pension scheme *(continued)*

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.5% assumption for the year ended 10 January 2009. The Group expects to contribute £11.7m to the United Norwest pension scheme in 2009.

There is no contractual agreement or stated Group policy for charging the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 to individual group entities, therefore Future Travel Limited, in its individual financial statements, cannot recognise the net defined cost so charged. The net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is the Co-operative Group (CWS) Limited.

The Company contributes towards the same pension scheme as the ultimate parent Society, Co-operative Group Limited. The scheme is a defined benefit scheme but the Company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore contributions to the scheme are accounted for as if it were a defined contribution. The Company then recognises a cost equal to its contribution payable for the period, which was £32,000 (*2008: £26,000*). Based on advice from a qualified actuary, the contributions payable by the participating entities were 14.5% of pensionable salaries.

5 Financial income

	For year ended 10 January 2009	For the 50 week period ended 12 January 2008
	£000	£000
Bank interest	**671**	732

Notes *(continued)*

6 Taxation

Analysis of charge in period

	Year ended 10 January 2009	For the 50 week period ended 12 January 2008
	£'000	£'000
UK corporation tax		
Current tax on income for the period	**131**	355
Adjustments in respect of prior periods	**(1)**	-
Total current tax	**130**	355
Deferred tax (see note 10)		
Origination/reversal of timing differences	**13**	-
Deferred tax – adjustments in respect of previous periods	**15**	4
	28	4
Tax on profit before taxation	**158**	359

Factors affecting the tax charge for the current period

On 1 April 2008 the applicable enacted corporation tax rate was reduced to 28% from 30%, as such the blended rate of corporation tax applicable to this accounting period is 28.44%

	Year ended 10 January 2009	For the 50 week period ended 12 January 2008
	£000	£000
Current tax reconciliation		
Profit before tax	**1,806**	2,056
Current tax at 28.44% *(2008: 30 %)*	**514**	617
Effects of:		
Permanent timing differences	**6**	28
Depreciation for period in excess of capital allowances	**-**	7
Non taxable income	**(376)**	(293)
Adjustments to tax charge in respect of previous periods	**14**	-
Total income tax charge (see above)	**158**	359

Notes *(continued)*

7 Property, plant and equipment

For the year ended 10 January 2009

	Fixtures and fittings £000
Cost	
At 27 January 2007	3,820
Additions	192
Disposals	(2,736)
At 12 January 2008	1,276
Additions	151
At 10 January 2009	**1,427**
Depreciation	
At 27 January 2007	2,998
Charge for year	454
On Disposals	(2,735)
At 12 January 2008	717
Charge for year	304
At 10 January 2009	**1,021**
Net book value	
At 10 January 2009	**406**
At 12 January 2008	559
At 27 January 2007	822

Notes *(continued)*

8 Intangible assets

For the year ended 10 January 2009

	Licences £000	Goodwill £000	Total £000
Cost – at 27 January 2007, 12 January 2008 and 10 January 2009	7	230	237
Amortisation			
At 27 January 2007	7	84	91
Charge for the year	-	-	-
At 12 January 2008	7	84	91
Charge for the year	-	-	-
At 10 January 2009	**7**	**84**	**91**
Net book value			
At 10 January 2009	**-**	**146**	**146**
At 12 January 2008	-	146	146
At 27 January 2007	-	146	146

Goodwill is not amortised but is subject to impairment reviews at least annually. Amortisation charges are recognised in operating expenses within the income statement and impairment charges in significant items. For the purposes of impairment testing of goodwill, testing is carried out at the level at which management monitor these components of goodwill. Discount rates are based on the cost of capital at 12%. The cash generating units' recoverable amounts are based on value in use using projections of the Future Travel's performance based on the three year plan approved by the board. A growth rate of 5% per annum has been used to extrapolate cash flows beyond the three year plan.

9 Investment

	Shares in Subsidiary Undertakings £000
Cost:	
At beginning and end of the period	-

The company holds 75% of the share capital and voting rights of the following company:

Name of subsidiary undertaking	Class of shares held	Country of incorporation	Principal activity
Freedom Travel Group Limited	Ordinary shares of £1 each	England	Travel Agent

In the opinion of the Directors the investments in the subsidiary undertakings is worth at least the amounts at which it is stated in the balance sheet.

Notes *(continued)*

10 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 28% *(2008: 30%)*.

	As at 10 January 2009 £000
Deferred taxation asset	
At 12 January 2008	205
Income statement charge in the year	(28)
At 10 January 2009	177
Comprising accelerated tax depreciation	177
At 10 January 2009	177

11 Trade and other receivables

	As at 10 January 2009 £000	As at 12 January 2008 £000
Due within one year:		
Other receivables	1,058	897
Prepayments and accrued income	266	163
	1,324	1,060

12 Trade and other payables

	As at 10 January 2009 £000	As at 12 January 2008 £000
Amounts falling due within one year:		
Trade payables	8,005	9,156
Amounts owed to group undertakings	7,039	2,988
Other creditors including taxation and social security	694	653
Accruals and deferred income	960	1,460
	16,698	14,257

13 Called up share capital

	As at 10 January 2009 £000	As at 12 January 2008 £000
Authorised		
Ordinary shares of £1 each	1	1
Preference shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1
Preference shares of £1 each	100	100

Notes *(continued)*

14 Retained earnings

	Profit and loss account £000
Retained earnings at beginning of year	1,115
Profit for the year	1,648
Dividend paid	(2,559)
Retained earnings at end of year	**204**

15 Related parties

Identity of related parties

The Group has a related party relationship with its directors and key management

Vertical Systems Limited (a company related to Peter Healey) received £1,173,345 *(2008: £1,300,549)* in respect of the supply of computer systems and internet site development. The amount owed by the company at the period end was nil *(2008: £108,567)*.

Co-operative Travel (a division of Co-operative Group Limited) received £1,184,532 *(2008: £1,166,152)* in respect of administration fees during the period.

Co-operative Group Limited received £1,523,081 (*2008: £1,385,548)* in respect of group VAT arrangements and paid £670,825 (*2008: £731,747)* to the company in respect of interest receivable and pooled banking arrangements. The amount owed to the company at the end of the period end was £nil (*2008: nil)*.

16 Explanation of transition to IFRS

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 10 January 2009, the comparative information presented in these financial statements for the period ended 12 January 2008 and in preparation of an opening IFRS balance sheet at 28 January 2007 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes.

Explanation of the IFRS adjustments:

(a) *Goodwill arising on Business Combinations*

Previously goodwill on acquisitions was capitalised and amortised over its useful economic life. Under IFRS 3 "Business Combinations", amortisation is no longer charged, instead goodwill is tested for impairment annually and again where indicators are deemed to exist.

Notes *(continued)*

16 Explanation of transition to IFRS *(continued)*

Reconciliation of equity

As at 27 January 2007

	27 January 2007 £000
As previously reported under UK GAAP	1,231
Adjustment (a)	-
As reported under IFRS	1,231

Reconciliation of equity

As at 12 January 2008

	12 January 2008 £000
As previously reported under UK GAAP	1,205
Adjustment (a)	11
As reported under IFRS	1,216

Reconciliation of profit for the 50 week period ended 12 January 2008

	Note	Previous GAAP £000	Effect of Transition to IFRS £000	IFRS £000
Revenue		11,162	-	11,162
Administrative expenses	*(a)*	(11,280)	11	(11,269)
Other operating income		455	-	455
Financial income		732	-	732
Income from shares in group undertakings		976	-	976
Profit before taxation		2,045	11	2,056
Income tax expense		(359)	-	(359)
Profit for the period		1,686	11	1,697

Explanation of adjustments to the cash flow statement for the 50 week period ended 12 January 2008

Under IAS 7 'Cash Flow Statements', movements in cash and cash equivalents are reconciled; under UK GAAP the statement reconciles cash only. The change in presentation of the cash flow statement under IAS 7 makes no difference to the free cash generated by the Company.

Notes *(continued)*

17 Significant items

	As at 10 January 2009 £'000	As at 12 January 2008 £'000
Costs relating to the failure of XL Leisure Group	517	-

18 Financial instruments

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2009 £000	Fair value 2009 £000	Carrying amount 2008 £000	Fair value 2008 £000
Trade and other receivables	1,324	1,324	1,060	1,060
Cash and cash equivalents	14,950	14,950	13,503	13,503
Total financial assets	16,274	16,274	14,563	14,563
Trade and other payables	16,699	16,699	14,257	14,257
Total financial liabilities	16,699	16,699	14,257	14,257

Notes *(continued)*

18 Financial instruments *(continued)*

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade Receivables
The Company is exposed to trade receivable credit risk through normal on-going business trade to a wide-ranging of tour operators. This risk is managed as follows:

• aged analysis is performed on trade receivable balances and reviewed on a monthly basis;
• credit ratings are obtained on any new customers and the credit ratings of existing customers are monitored on an on-going basis;
• credit limits are set for customers; and,
• trigger points and escalation procedures are clearly defined.

A table showing the ageing profile totals of trade receivables and the provision for doubtful debts for each ageing band is disclosed below.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £1,058,000 *(2008: £897,000)*.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2009 £000	**Impairment 2009 £000**	**Net 2009 £000**	Gross 2008 £000	Impairment 2008 £000	Net 2008 £000
Not past due	**1,058**	-	**1,058**	897	-	897
Past due 0-30 days	-	-	-	-	-	-
Past due 31-120 days	-	-	-	-	-	-
More than 120 days	-	-	-	-	-	-
	1,058	-	**1,058**	897	-	897

The company does not hold any collateral against the above debtors *(2008: £nil)*

(c) ***Liquidity risk***

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The policy on overall liquidity is to ensure that the Company has sufficient funds to facilitate all on-going operations. As part of the annual budgeting and long term planning process, the Company's cash flow forecast is reviewed and approved by the Board. The cash flow forecast is amended for any material changes identified during the year e.g. material acquisitions and disposals.

Where funding requirements are identified from the cash flow forecast, appropriate measures are taken to ensure these requirements can be satisfied.

Notes *(continued)*

18 Financial instruments *(continued)*

(c) Liquidity risk (continued)

Cash held at 10 January 2009 amounted to £14,950,000 *(2008: £13,503,000).*

2009

	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**
Non-derivative financial liabilities						
Trade and other payables	**16,699**	**16,699**	**16,699**	-	-	-

2008

	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities						
Trade and other payables	14,257	14,257	14,257	-	-	-

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Future Travel is exposed to additional market risk due to the continued consolidation of the industry, which presents pricing challenges regarding negotiated commission levels. This combined with the general economic outlook and pressure in Sterling will have an effect on earnings.

(e) Capital Management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefit for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to the risk. The Company manages the capital structures and makes adjustment to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In assessing the level of capital all components of equity are taken into account. Management of capital however focuses around the ability to generate cash from its operations.

In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders or sells assets to raise funds. The Company believes it is meeting its objectives for managing capital as funds are available for reinvestment where necessary.

Notes *(continued)*

19 Group entities

Control of the Group

The largest group in which the results of the company are consolidated is that headed by Co-operative Group Limited, an Industrial and Provident Society registered in England and Wales. This is the smallest and largest group of which the company is a member and for which consolidated accounts are prepared. A copy of the Group accounts is available from the Secretary, Co-operative Group Limited, PO Box 53, New Century House, Manchester, M60 4ES