Future Travel Limited

Financial statements

Registered number 3283092

1st January 2011

Contents

Directors' report

The Directors present their report and financial statements for the period ended 1 January 2011

Principal activities

The principal activities of the Company during the period were that of a Telesales Travel Agent and the provision of Travel Agents Management Services

Business review

The results for the period are set out on page 5 of the financial statements During the period, the Company made a profit before taxation of £1 146 000 (*period ended 2 January 2010 profit of £1,125,000*)

The reduction in operating profitability on the previous period was in part to the difficult trading conditions in the year with the industry hit with a series of events both natural, the Ash Cloud and man made, in terms of civil unrest in some popular destinations, and the relative weakness of Sterling, which affected the lates market heavily traditionally Future's top selling market

The business has however been restructured in the period to reflect the move away from traditional text driven call business towards a more personal database centric model This move has seen homeworkers move away from a calls model and 50 exiting, and a change of brand

For the 2011 financial period the new model is in place with over 300 profitable home workers going forward, mainly on the database model, lower central costs and a new trading brand 'Co-operative Personal Travel Advisors' which is much more powerful when competing online

Parent key performance indicators

In addition to monitoring revenue and profitability of the Company, the Directors also monitor a number of key performance indicators of the Co-operative Group ("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 40-41 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
- general 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
- change in customer behaviour and preferences
- increase 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 other consortia The Company seeks to offer a wide selection of products from a wide range of suppliers at competitive commission levels to maintain its market position
- Regulatory and legal risks The Company requires an ABTA, ATOL and CAR 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 The 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 42-45 of the group s annual report which does not form part of this report.

Directors' report *(continued)*

Dividend

During the period an interim dividend of £1,493,000 was paid (2010 £969,000) The Directors do not recommend the payment of a final dividend (2010 £nil)

Directors

The Directors who held office during the period 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 group's performance through annual, interim and social accountability reports, management bulletins and Newsline, the electronic weekly new 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

Creditor payment terms

The group's 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

Corporate responsibility and the environment

The Company closely follows the group's corporate responsibility and environmental policies The group provides a sustainable development section in its annual report This can be found on page 32-35 In addition, the group's Sustainability Report, which will be published towards the latter half of 2011, describes how the group manages its social, ethical and environmental impact

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2010 £nil)

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the deficiency in net current assets, as an assurance has been received from the ultimate parent undertaking that financial support will continue to be made available for the forseeable future

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

MC Nevin
Director

21/04/11

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 law

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 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 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 its financial statements comply with the Companies Act 2006 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 detect fraud and other irregularities

KPMG

KPMG Audit Plc
St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Future Travel Limited

We have audited the financial statements of Future Travel Limited for the period ended 1 January 2011 set out on pages 5 to 21 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditors' 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

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 1 January 2011 and of its profit for the period then ended
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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 period 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

26 April 2011

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

Income Statement
for the period ended 1 January 2011

	Notes	For period ended 1 January 2011 £'000	For period ended 2 January 2010 £'000
Revenue		**7,843**	9,100
Administrative expenses		**(8,752)**	(9,726)
Other operating income		**609**	484
Operating loss		**(300)**	(142)
Financial income	5	**299**	298
Income from shares in Group underakings		**1,147**	969
Profit before taxation	2	**1,146**	1 125
Taxation	6	**(2)**	(11)
Profit for the period		**1,144**	1,114

All amounts relate to continuing activities

Statement of comprehensive income
for the period ended 1 January 2011

The Company has no recognised income or expenses in the current or prior period other than those included in the income statement shown above

Balance Sheet
at 1 January 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Non-current assets					
Property, plant and equipment	7	483		647	
Intangible assets	8	146		146	
Deferred tax assets	12	177		194	
Total non-current assets			806		987
Current assets					
Trade and other receivables	10	5,584		699	
Cash and cash equivalents		55		14 982	
Total current assets			5,639		15,681
Total assets			6,445		16 668
Current liabilities					
Trade and other payables	11	(6,344)		(16 218)	
Total current liabilities			(6,344)		(16,218)
Total liabilities			(6,344)		(16 218)
Net assets			101		450
Equity					
Called up share capital	13		101		101
Retained earnings			-		349
Total equity			101		450

These financial statements were approved by the Board of Directors on 21/04/11 and were signed on its behalf by

MC Nevin
Director

Statement of changes in equity
for the period ended 1 January 2011

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 10 January 2009	101	204	305
Profit for the period	-	1,114	1,114
Dividend paid	-	(969)	(969)
Balance at 2 January 2010	**101**	**349**	**450**
Profit for the period	-	**1,144**	**1,144**
Dividend paid	-	**(1,493)**	**(1,493)**
Balance at 1 January 2011	**101**	**-**	**101**

All items are shown net of tax

Cash flow statement
for the period ended 1 January 2011

	Notes	For period ended 1 January 2011 £'000	For period ended 2 January 2010 £'000
Profit before taxation		**1,146**	1 125
Adjustments for non-cash items and changes in working capital			
Depreciation	2	**300**	242
Financial income	5	**(299)**	(298)
Income from shares in Group Undertakings		**(1,147)**	(969)
(Increase)/decrease in trade receivables		**(4,885)**	625
Decrease in trade payables		**(9,874)**	(480)
Taxation		**15**	(28)
Cash (outflow)/generated from operations		**(14,744)**	217
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	**(136)**	(483)
Interest received		**299**	298
Dividend received		**1,147**	969
Net cash from investing activities		**1,310**	784
Cash flows from financing activities			
Equity Dividend paid		**(1,493)**	(969)
Net cash from financing activities		**(1,493)**	(969)
Net (decrease)/increase in cash and cash equivalents		**(14,927)**	32
Cash and cash equivalents at 2 January 2010		**14,982**	14 950
Cash and cash equivalents at 1 January 2011		**55**	14 982

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Future Travel Limited is a Company domiciled in England and Wales The address of the Company's registered office is PO Box 53, New Century House, Manchester, M60 4ES

Basis of preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as endorsed by the EU (IFRS) for the period ended 1 January 2011 and are prepared on the historical cost basis The accounting policies set out below have been applied consistently to all periods presented in these financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated accounts These financial statements present information about the company as an individual undertaking only The accounting policies set out below have been applied consistently to all periods presented in these financial statements

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 Actual results may differ from these estimates

Estimates and underlying 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

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

Accounting date

The financial statements for the Company are made up for the 52 weeks to 1 January 2011 This financial period s figures below are headed 2011 and the corresponding figures for the previous year (51 weeks ended 2 January 2010) are headed 2010 below Therefore, the comparative amounts are not entirely comparable as they are based on a shorter period

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the deficiency in net current assets, as an assurance has been received from the ultimate parent undertaking that financial support will continue to be made available for the forseeable future

Standards and interpretations issued but not yet effective

The Company has not early adopted the following standards and statements which have been endorsed by the EU, but are not yet effective The adoption of these standards is not expected to have a material impact on the Company s accounts when adopted except where stated

In August 2009 IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments was issued This interpretation deals with the accounting involved when renegotiating debt instruments into equity instruments The interpretation is effective for annual periods beginning on or after 1 July 2010 and it is expected that this will not have a significant impact on the Company s financial statements

In November 2009 the IASB issued amendments to IAS 24 Related Parties Disclosures These amendments changed the definition of related parties The standard is effective from 1 January 2011 and it is expected that these amendments will not have a significant impact on the Company's financial statements

In November 2009, the IASB issued Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions The amendments are effective for annual periods beginning 1 January 2011 and must be applied retrospectively These amendments will not have a significant impact on the group's financial statements

In May 2010, the IASB issued Improvements to IFRSs 2010, which comprises amendments to 7 standards Effective dates early application and transitional requirements are addressed on a standard-by-standard basis The majority of the amendments will be effective for the group from 1 January 2011 The amendments are unlikely to have a material impact on the Company's financial statements

In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities IFRS 9 has not yet been endorsed by the European Union but if endorsed, the standard will be effective for periods beginning on or after 1 January 2013 and will have a significant effect on the group s financial statements The group does not plan to judge the extent of this impact until after IFRS 9 s endorsement

Notes *(continued)*

1 Accounting policies *(continued)*

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 cash flow statement.

Cash flow statement

In the cash flow statement the reconciliation to cash has been performed from operating profit in note 2 in order that the cash flows of the entity can be compared consistently with those of the group accounts

Property, plant and equipment and depreciation

Owned assets

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 property, plant and equipment 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.

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) Amortisation

Where there is indication of impairment an impairment review will be performed

(iv) 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

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment

The carrying amount of the Company's assets, other than biological assets investment property inventories and deferred tax assets are 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

Dividends

Dividends are recognised as a liability in the period in which they are declared

Pensions and other post-retirement benefits

The Company's employees are members of a Group wide pensions scheme, the Unied 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 recognise the net defined cost so charged Refer to disclosure of information relevant to the scheme on note 4

Operating segments

The Company does not have any different components of its business which would need to be disclosed separately under IFRS 8 *Operating Segments*

Taxation

(i) Income tax

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

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

(ii) 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 booking reflected in revenue at the period 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 before taxation

	2011 £'000	2010 £'000
Profit before taxation is stated after charging / (crediting)		
Depreciation	**300**	242

The auditor's remuneration of £12 240 (2010 £12 000) is borne by the ultimate parent undertaking Amounts receivable by the Company s auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company s financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Co-operative Group Limited

3 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the period analysed by category, was as follows

	Number of employees 2011	Number of employees 2010
Management & Administration	**25**	31
	25	31

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	**831**	749
Social security costs	**72**	74
Other pension costs (see note 4)	**40**	27
Termination benefits	**28**	58
	971	908

Directors remuneration is respect of services provided to the Company were £2 000 (for the period ended 2 January 2010 £53,000)

Notes *(continued)*

4 Pension Scheme

United Norwest Co-operative Employees' Pension Fund

The Company is a subsidiary of Co-operative Group Limited which operates a defined benefit pension scheme (the United Norwest Co-operative 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 Scheme as noted above has been updated to 1 January 2011

	2011	2010
The principal assumptions used to determine the liabilities of the Group's pension schemes were		
Discount rate	**5.20%**	5 60%
Rate of increase in salaries	**5 20%**	5 30%
Future pension increases where capped at 5 0% pa	**3 70%**	3 80%
Future pension increases where capped at 2 5% pa	**2 50%**	2 50%
Assumptions used to determine net pension cost for the United Norwest scheme are		
Discount rate	**5 60%**	5 70%
Expected long-term return on scheme assets	**7 30%**	6 50%
Rate of increase in salaries	**5 30%**	4 75%

The average life expectancy (in years) for mortality tables used to determine scheme liabilities for the various different schemes at 1 January 2011 are as follows

	Male	**Female**
Member currently aged 65 (current life expectancy)	21 9	24 1
Member currently aged 45 (life expectancy at age 65)	23 3	25 6

The fair value of the United Norwest Scheme's assets, which are intended to be realised in the future, may be subject to significant change before they are realised

	2011 £m	2010 £m
The amounts recognised in the balance sheet are as follows		
Present value of funded obligations	**(491 2)**	(425 2)
Fair value of plan assets	**366 6**	316 3
Net retirement benefit deficit	**(124 6)**	(108 9)

Notes *(continued)*

4 Pension Scheme *(continued)*

Changes in the present value of the scheme liabilities are as follows	**2011 £m**	2010 £m
Opening defined benefit liabilities	**425 2**	355 1
Current service cost	**9 8**	8 4
Interest on liabilities	**23 7**	19 8
Contributions by members	**3 8**	3 9
Actuarial losses	**44 5**	50 9
Benefits paid	**(15 8)**	(12 9)
Closing defined benefit liabilities	**491 2**	425 2

	2011 £m	2010 £m
Changes in the fair value of the scheme assets are as follows		
Opening fair value of scheme assets	**316 3**	251 1
Expected return on scheme assets	**24 0**	16 6
Actuarial gains	**6.2**	29 2
Contributions by the employer	**32 1**	28 4
Contributions by members	**3 8**	3 9
Benefits paid	**(15 8)**	(12 9)
Closing fair value of scheme assets	**366 6**	316 3

	2011	2010
The weighted-average asset allocations at the period end were as follows		
Equities	**0%**	48%
Diversified growth	**70%**	22%
Bonds	**21%**	23%
Property	**5%**	5%
Cash	**4%**	2%
	100%	100%

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 7 3% (2010 6 5%) assumption for the period ended 1 January 2011

The Group expects to contribute £25 4m to the United Norwest pension scheme in 2011

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 Co-operative Group 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 £40,000 (2010 £27,000) Based on advice from a qualified actuary, the contributions payable by the participating entities were 16% of pensionable salaries

Notes *(continued)*

5 Financial income

	2011 £'000	2010 £'000
Interest income on bank deposits	299	298
Financial income	299	298

6 Taxation

Analysis of charge/(credit) in period	2011 £'000	2011 £'000	2010 £'000	2010 £'000
UK corporation tax				
Current tax on income for the period	-		25	
Adjustments in respect of prior periods	(15)		3	
Total current tax		(15)		28
Deferred tax (see note 12)				
Origination/reversal of timing differences	10		27	
Deferred tax - adjustment in respect of previous periods	7		(44)	
		17		(17)
Tax on loss before taxation		2		11

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2010 lower)* than the standard rate of corporation tax in the UK 28% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
Current tax reconciliation		
Profit before tax	1,146	1,125
Current tax at 28% *(2010 28%)*	321	315
Effects of		
Permanent timing differences	8	8
Non taxable income	(412)	(271)
Adjustments to tax charge in respect of previous periods	(7)	(41)
Disallowable expenditure	1	-
Surrender of group relief	91	-
Total income tax charge (see above)	2	11

Notes *(continued)*

7 Property, plant and equipment

For the period ended 1 January 2011

	Fixtures and fittings £'000
Cost	
At 10 January 2009	1,427
Additions	483
Disposals	(600)
At 2 January 2010	1,310
Disposals	(404)
Additions	136
At 1 January 2011	**1,042**
Depreciation	
At 10 January 2009	1,021
Charge for the period	242
Disposals	(600)
At 2 January 2010	663
Disposals	(404)
Charge for the period	300
At 1 January 2011	**559**
Net book value	
At 1 January 2011	**483**
At 2 January 2010	647
At 10 January 2009	406

Notes *(continued)*

8 Intangible Assets

For the period ended 1 January 2011

	Licences £'000	Goodwill £'000	Total £'000
Cost			
At 10 January 2009 2 January 2010 & 1 January 2011	7	230	237
Amortisation			
At 10 January 2009	7	84	91
Charge for the period	-	-	-
At 2 January 2010	7	84	91
Charge for the period	-	-	-
At 1 January 2011	7	84	91
Net book value			
At 1 January 2011	-	146	146
At 2 January 2010	-	146	146
At 10 January 2009	-	146	146

Goodwill is not amortised but it 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 those components of goodwill Discount rates are based on the cost of capital at 7 5% 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 Investments

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

	Amount of investment £000	Nature of share capital	Principal activity	Country of origin	% Ownership
The Freedom Travel Group Limited	*97,500*	*Original*	*Travel Agent*	*England and Wales*	*75%*

10 Trade and other receivables

	2011 £'000	2010 £'000
Current assets		
Amounts owed by group undertakings	**5,010**	-
Other recoverables	**493**	598
Prepayments and accrued income	**81**	101
	5,584	699

All of the above financial assets are classified as loans and receivables Trade receivables are stated net of a bad debt provision of £nil (period ended 2 January 2010 £nil)

Notes *(continued)*

11 Trade and other payables

	2011 £'000	2010 £'000
Current liabilities		
Trade creditors	**5,338**	6,132
Amounts owed to group undertakings	**-**	8 554
Other creditors including taxation and social security	**274**	1 145
Accruals and deferred income	**732**	387
	6,344	16,218

12 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 27% (*2010 28%)*

	£'000
Deferred taxation asset	
At 2 January 2010	**194**
Income statement charge in the period	**(17)**
At 1 January 2011	**177**
Comprising	
Accelerated tax depreciation	**177**
At 1 January 2011	**177**

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 26% will be effective from 1 April 2011 This will reduce the Company s future current tax charge accordingly The tax disclosures for the period reflect the deferred tax at the 27% substantively enacted rate It has not yet been possible to quantify the full anticipated effect of the further 4% rate reduction although this will further reduce the Company's future tax charge (and reduce the Company's deferred tax liabilities/assets accordingly)

13 Called up share capital

	2011 £'000	2010 £'000
Authorised		
1 000 Ordinary shares of £1 each	**1**	1
100,000 Preference Shares of £1 each	**100**	100
	101	101
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	**1**	1
100 000 Preference Shares of £1 each	**100**	100
	101	101

Notes *(continued)*

14 Group entities

Control of the group

The Company is a subsidiary of The Co-operative Group Limited (formerly The Co-operative Group (CWS) Limited), an Industrial and Provident Society registered in England and Wales This is the smallest and largest group of which the Society is a member and for which consolidated accounts are prepared A copy of the group accounts can be obtained from the Secretary, The Co-operative Group Limited, PO Box 53, New Century House, Manchester M60 4ES

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 £745,000 (2010 £1,148,000) in respect of the supply of computer systems and internet site development The amount owed by the company at the period end was £2,000 (2010 £15,000)

Co-operative Travel (a division of Co-operative Group Limited) received £627 000 (2010 £640 000) in respect of administration fees during the period

Co-operative Group Limited paid £256,000 (2010 £298,000) to the company in respect of interest receivable and pooled banking arrangements

The total amount owed by other entities within the group including Co-operative Travel and Co-operative Group Limited was £5,010,000 (2010 £8,554,000 owing to other entities within the group)

16 Financial instruments and financial risk management

(a) Financial risk management

The principal financial risk of the Company relates to the generation and availability of sufficient funds to meet business needs, including payments to members The Company has exposure to fluctuations in interest and foreign exchange rates which can impact on financial performance

The Board is responsible for approving the Company s strategy, its principal markets and the level of acceptable risks The Company operates a risk management process that identifies the key risks to the business Each operation has a risk register that identifies the likelihood and impact of those risks occurring and the actions being taken to manage those risks

(b) Determination of 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

Notes *(continued)*

16 Financial instruments and financial risk management *(continued)*

***(b) Determination of fair values of financial instruments** (continued)*

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 2011 £'000	Fair Value 2011 £'000	Carrying amount 2010 £'000	Fair Value 2010 £'000
Trade and other receivables	5,503	5,503	598	598
Cash and cash equivalents	55	55	14 982	14,982
Total financial assets	5,558	5,558	15 580	15,580
Trade and other payables	6,344	6,344	16,218	16,218
Total financial liabilities	6,344	6,344	16,218	16 218

(c) Credit risk

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 range of tour operators

Credit 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 £493,000 *(2010 £598 000)*

The ageing of trade receivables excluding amounts owed by group undertakings at the balance sheet date was

	Gross 2011 £'000	Impairment 2011 £'000	Net 2011 £'000	Gross 2010 £'000	Impairment 2010 £'000	Net 2010 £'000
Not past due	493	-	493	598	-	598
Past due 0-30 days	-	-	-	-	-	-
Past due 31-120 days	-	-	-	-	-	-
More than 120 days	-	-	-	-	-	-
	493	-	493	598	-	598

Notes *(continued)*

16 Financial instruments and financial risk management *(continued)*

(d) 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 period 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

Cash held at 1 January 2011 amounted to £55,000 (2010 £14,982,000)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

	2011					
	Carrying amount £'000	**Contractual cash flows £'000**	**1 year or less £'000**	**1 to 2 years £'000**	**2 to 5 years £'000**	**5 years and over £'000**
Non-derivative financial liabilities						
Trade and other payables	**5,612**	**5,612**	**5,612**	**-**	**-**	**-**

	2010					
	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade and other payables	7 277	7,277	7,277	-	-	-

(e) Market Risk

Financial risk management

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

Future Travel Limited is exposed to additional market risks 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

17 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

There were no changes to the Company s approach to capital management in the period

18 Events after the reporting date

In October 2010, the Co-operative Group announced that it would be merging it's travel business with Thomas Cook Group plc in a new initiative The venture will be 70% owned by Thomas Cook Group plc and 30% owned by the Co-operative Group At present the merger has not been completley ratified due to the current investigation by the Office of Fair Trading However it is highly probable by the end of 2011 that the Company's future ultimate parent undertaking will be Thomas Cook Group plc