

The Freedom Travel Group Limited
Annual report and financial statements
for the year ended 30 September 2015

Registered number 03816981

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The Freedom Travel Group Limited

Contents

	Pages
Strategic report	2-6
Directors' report	7-8
Independent auditors' report	9-10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14-25

The Freedom Travel Group Limited

Strategic report

The directors present their Strategic report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2015.

Business review and activities

The Freedom Travel Group Limited is a majority owned subsidiary of Thomas Cook Group plc, ('the Group') a company that is listed on the London Stock Exchange. The principal activities of the Company during the year were that of a Travel Agent and the provision of Travel Agent Management Services.

The results for the Company show a profit on ordinary activities before taxation of £4.1 million (2014: £1.4 million) for the year and turnover of £5.9 million (2014: £3.2 million). The increase in turnover is due to an overall increase in net margin from suppliers. The Company has net assets of £7.6 million (2014: £4.3 million). The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Thomas Cook Group plc.

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. Thomas Cook, through its subsidiary companies, operates in the travel intermediary segment, made up of travel agents and tour operators.

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels. The Group's own distribution channels, which include the operations of the Company, comprise retail stores, online via various Group websites and call centres.

Strategy and future outlook

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

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

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

The Freedom Travel Group Limited

Strategic report (continued)

Principal risks and uncertainties

The UK group, of which The Freedom Travel Group Limited is a major component, have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities. These principal risks and uncertainties, along with mitigating actions, are listed below:

1. The Thomas Cook Group's New Operating Model (NUMO), the next phase of our transformation, fails to deliver our strategic and operational targets.
 - Bi-weekly status reports on each project submitted to the Senior Management Team.
 - Monthly Group Transformation Review meetings attended by senior management including CEO and CFO, during which progress and issues are discussed and addressed.
 - Financial benefits and KPIs are incorporated in the Thomas Cook Group FY16-FY18 business plan and delivery is tracked as part of the business review process.
2. Failure to align our products and services to customer preferences may have an adverse impact on our ability to improve our customers' experience of Thomas Cook Holidays.
 - Our "One Tour Operator" initiative will harmonise processes, remove duplication and adopt some ways of working behind the scenes with suppliers and in the back-office. This will ensure that we have the right products and services in place to grow and improve our customers' experience across all markets.
 - Our strategy includes a focus on developing best in class ancillaries which will improve our customers' holiday experience.
 - There has been significant investment into the refurbishment of our hotel brands.
3. Failure to recruit or retain the right people at the right time will lead to a lack of capability or capacity to enable the implementation of our business strategy.
 - Our performance management system was implemented in 2014 and tracks the performance and potential of all our employees.
 - Our high potential talent is identified and nurtured through an Executive Development programme and our Emerging Talent programme is currently being developed.
 - Reward schemes are regularly evaluated to drive and reward performance and to ensure retention of key talent.
 - Our annual engagement survey allows us to assess employee motivation and commitment and identify actions we need to implement to enable talent retention.
4. IT architecture is unable to support the needs of the business.
 - The first phase of our IT transformation has been successfully completed and the second phase is proceeding as planned.
 - Our simplified and automated service delivery process ensures requests from the business are addressed in a timely manner.
 - Weekly reviews between business unit IT Heads to prevent any IT issues across the business.
 - IT works closely within the business to ensure NUMO initiatives have the appropriate level of support.
5. Information security and cyber threats are currently a priority across all industries and remain a key Government agenda item. The Group recognises that we have high risk exposure in this area and has added this as a new principal risk.
 - Our Information Security Steering Group has been established to provide oversight of the cyber risk framework and ensure appropriate mitigations are in place.
 - Our Security Improvement programme is underway and aims to provide the following mitigations:
 - Group Security Policies.
 - Security Awareness Training.
 - Detect and Respond Monitoring Service for websites, data centres and critical systems.
 - Vulnerability Management service to test website and system security.

The Freedom Travel Group Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

6. A decision or a course of action is perceived negatively by the media, investors and/or general public which in turn impacts the corporate reputation of the Group and its share price.
 - As part of our risk management process, we identify all events that may have a potential reputational impact to the Group and ensure that controls are in place to manage these risks.
 - We have a clear plan in place to respond to the potential reputational consequences of an event which includes cooperation between investor relations, public relations, HR and legal teams to identify and prepare responses to incidents and potential issues. The plan has been strengthened this year based on the lessons learnt during the Corfu Inquest.
 - We monitor stakeholder and governmental reactions to ensure we respond to emerging political and regulatory developments.
7. Cash generation limits the ability to strategically manage debt repayment and/or dividend payment.
 - We proactively monitor our short, medium and long –term cash requirements and liquidity headroom.
 - Our cost-out and profit improvement initiatives are successfully contributing to cash availability.
 - We continue to monitor all opportunities to manage liquidity requirements and maintain an adequate level of contingency as well as seeking to lower the average cost of debt over the medium term.
8. Due to the nature of its business, the Group will always be exposed to a risk of a health and safety incident that may impact our customers or colleagues together with associated reputational damage.
 - We operate a robust safety management system (SMS) to ensure the implantation of our Health and Safety Policies and procedures.
 - The Group Health, Safety and Security team implement the SMS, which is further supported by a reputable external specialist (SGS).
 - The Group regularly reviews and updates its safety and security training programmes to ensure they continue to reflect best practice.
 - Our Health and Safety Audit programme, which is delivered by external specialists, measures standards and includes a clear escalation and decision process. The programme also includes a robust follow-up process.
 - The assessment of Health and Safety risks is inbuilt into daily management routines and is monitored by a structure of health and safety committees that are in turn overseen by a corporate Health, Safety & Environmental committee with Board level oversight. The report of the Health, Safety & Environmental Committee can be found on page 83 of the group financial statements which can be obtained as set out in note 17.
9. Increasing security threats and general socio/political uncertainties negatively impacting our key markets and reduce the demand for travel related products.
 - Our flexible business model allows us to align our committed capacity to fluctuating demand.
 - As part of our destination strategy, we continue to add new destinations to our portfolio, thereby mitigating the effect of factors which may negatively impact demand for travel to certain regions.
 - We actively monitor the socio/political landscape to ensure we have an early indication of emerging risk and are available to respond in an appropriate and timely manner.
 - We have a dedicated Crisis Management Team who have the requisite resource and skills to ensure that adequate emergency response is provided to ensure the welfare of our customers.
 - All of our senior management regularly participate in crisis management scenarios.

The Freedom Travel Group Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

10. Failure to comply with regulatory, legislative and corporate social responsibility requirements in the legal jurisdictions where Thomas Cook Operates.
- We have a dedicated Legal Team to ensure full compliance with formal regulatory requirements which monitors all current and emerging regulatory developments in our source markets. The team receives regular training to provide awareness of critical changes in relevant legislation or case law.
 - Our Code of Conduct is backed by a comprehensive training programme to ensure that it is fully embedded across the Group.
 - Our Legal Risk Database enables communication and timely analysis of all risks related to regulatory, legislative and corporate social responsibility requirements.

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

Financial risk management

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

Liquidity and cash flow risk

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

Credit risk

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

Counterparty credit risk

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

The Freedom Travel Group Limited

Strategic report (continued)

Key Performance indicators (KPI's)

The directors of Thomas Cook Group plc manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of The Freedom Travel Group Limited. The development, performance and position of the UK segment of the Group, which include the results of the Company, are discussed in the financial review on page 36 of the Group's annual report which does not form part of this report.

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



PA Hemingway

Director

27 January 2016

Registered office

The Thomas Cook Business Park
Coningsby Road
Peterborough
Cambridgeshire
PE3 8SB

The Freedom Travel Group Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2015.

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

Dividends

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

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

PA Hemingway
JR Wild (resigned 9 January 2015)
Thomas Cook Group Management Services Limited

Company secretary

Shirley Bradley

Directors' indemnities

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

Equal opportunities

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the Company continues employment wherever possible and arranges retraining.

Employee involvement

The Company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In the year the Company has held regular briefing meetings, supplemented by a range of staff magazines to encourage the involvement of employees. Surveys are held regularly as a means of measuring the effectiveness of the ways in which staff are managed.

The Freedom Travel Group Limited

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework (FRS 101)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

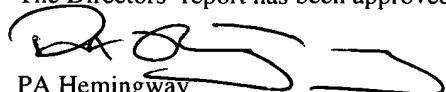
In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company.

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



PA Hemingway

Director

27 January 2016

Registered office

The Thomas Cook Business Park
Coningsby Road
Peterborough
Cambridgeshire
PE3 8SB

The Freedom Travel Group Limited

Independent auditors' report to the members of The Freedom Travel Group Limited

Report on the financial statements

Our opinion

In our opinion, The Freedom Travel Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit for the year then ended;
 -
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

The Freedom Travel Group Limited

Independent auditors' report to the members of The Freedom Travel Group Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

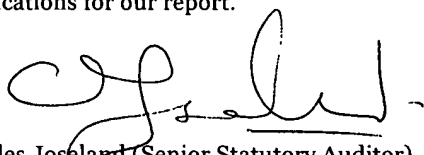
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Charles Joseland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
27 January 2016

The Freedom Travel Group Limited

Statement of comprehensive income Year ended 30 September 2015

		Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
	Notes		
Turnover	3	5,855	3,186
Gross profit		5,855	3,186
Administrative expenses	4	(2,593)	(2,350)
Operating Profit		3,262	836
Interest receivable and similar income	5	813	570
Profit on ordinary activities before taxation	6	4,075	1,406
Tax on profit on ordinary activities	8	(787)	(366)
Profit for the financial year and total comprehensive income for the year		3,288	1,040

All of the revenue and results arose from continuing operations.

There are no recognised income or expenses for either year other than the profit for the year; consequently no other comprehensive income has been presented.

The Freedom Travel Group Limited

Balance sheet

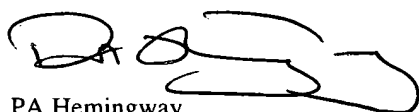
As at 30 September 2015

Registered number 03816981

	Notes	30 September 2015 £'000	30 September 2014 £'000
Fixed assets			
Tangible assets	9	-	1
		-	1
Current assets			
Debtors	10	13,268	630
Deferred tax asset	11	2	2
Cash at bank and in hand	12	14,564	42,219
		27,834	42,851
Total assets		27,834	42,852
Creditors: Amounts falling due within one year	13	(20,266)	(38,572)
		(20,266)	(38,572)
Net Current assets		7,568	4,279
Total liabilities		(20,266)	(38,572)
Net Assets		7,568	4,280
Capital and reserves			
Called up Share capital	14	130	130
Profit and loss account		7,438	4,150
Total shareholders' funds		7,568	4,280

The notes on pages 14 to 25 form part of these financial statements.

The financial statements on pages 11 to 25 were approved by the Board of Directors and approved for issue on 27 January 2016 and were signed on its behalf by



PA Hemingway
Director
Date: 27 January 2016

The Freedom Travel Group Limited

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

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 October 2014	130	4,150	4,280
Profit for the financial year and total comprehensive income for the year	-	3,288	3,288
Balance at 30 September 2015	<u>130</u>	<u>7,438</u>	<u>7,568</u>

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 October 2013	130	3,110	3,240
Profit for the financial year and total comprehensive income for the year	-	1,040	1,040
Balance at 30 September 2014	<u>130</u>	<u>4,150</u>	<u>4,280</u>

The Freedom Travel Group Limited

Notes to the financial statements Year ended 30 September 2015

1 General information

The Freedom Travel Group Limited is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is; The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB, England. The nature of the Company's operations and its principal activities are set out in the strategic report. These financial statements are presented in pounds sterling, which is the Company's functional currency because that is the currency of the primary economic environment in which the Company operates. The Company is a majority-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies.

Basis of preparation

The financial statements of The Freedom Travel Group Limited are prepared in accordance with Companies Act 2006 as applicable to Companies using FRS 101 'Reduced Disclosure Framework'. As a result of FRS 101 being applicable to entities with a year-end from 1 January 2015, the company has made the business decision to adopt the standard early (FRS 101 para.11). The effective date of adoption by the Company was 1 October 2011. The financial statements of The Freedom Travel Group Limited are prepared in accordance with Companies Act 2006 as applicable to Companies using FRS 101 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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

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

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

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

1 General information (continued)

Basis of preparation (continued)

– Exemption from all disclosure requirements in IFRS 2 except for the following:

- Paragraph 45(a) – A description of each type of share-based payment arrangement, including general terms and conditions, vesting requirements, term of options granted and method of settlement
- Paragraph 45(c) – For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the weighted-average share price during the period can be disclosed.
- Paragraph 45(d) – For outstanding share options, the range of exercise prices and weighted-average remaining contractual life.

Where relevant, equivalent disclosures have been given in the group financial statements of Thomas Cook Group plc. The group financial statements of Thomas Cook Group plc are available to the public and can be obtained as set out in note 17.

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

The Company is reliant on the support of the fellow group undertaking Thomas Cook Group plc. This support has been formally provided and accordingly the directors of The Freedom Travel Group Limited have prepared these financial statements on a going concern basis.

Adoption of new or amended standards and interpretations in the current year

In the current year, the following new or amended standards have been adopted. Their adoption has not had a significant impact on the amounts reported or the disclosure and presentation in these financial statements, but may impact the accounting or the disclosure and presentation for future transactions and arrangements.

IAS 32 “offsetting financial assets and liabilities” provides clarification on the application of offsetting rules relating to financial assets and financial liabilities. The amendment did not have a significant effect on the financial statements.

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

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

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

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

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

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

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

1 General information (continued)

New or amended standard and interpretations in issue but not yet effective or EU endorsed (continued)

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

2 Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently unless otherwise stated.

Property, plant and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and any provision for impairment.

Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are charged to the Statement of comprehensive income as incurred.

Depreciation on property and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight line basis to write down their cost to their estimated residual value over their expected useful lives as follows:

Furniture, fittings and equipment	3 – 5 years
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The residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the proceeds received and the net book value of the asset on disposal, and is recognised on the date of disposal in operating profit.

Revenue recognition and associated costs

Revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Travel agency commission, insurance and other incentives, are recognised on holiday departure. Other revenue and associated expenses are recognised as earned or incurred.

Statement of comprehensive income presentation and exceptional items

Profit or loss from operations includes the results from operating activities of the Company, before its share of the results of associates and joint ventures.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

2 Significant accounting policies (continued)

Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of comprehensive income unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Pensions

Pension costs charged against profits in respect of the Company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

Foreign currency

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the year end are translated at year end exchange rates. The resulting exchange gain or loss is recognised in the Statement of comprehensive income.

Leases

Operating lease rentals are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Revenue in advance

Customer monies received at the balance sheet date relating to holidays commencing and flights departing after the year end is deferred and classified as revenue in advance.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. The measurement of particular financial assets or liabilities is set out below.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

2 Significant accounting policies (continued)

Non derivative financial instruments

The treatment of non-derivative financial instruments is set out below.

Trade receivables

Trade and other receivables are recognised at their fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of comprehensive income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the Statement of comprehensive income.

Trade payables

Trade payables are recognised at their fair value.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

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. A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share capital

Ordinary shares are classified as share capital.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

2 Significant accounting policies (continued)

Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Gross or net recognition revenue streams.

Judgements have to be made on an individual revenue stream basis as to whether it is most appropriate to recognise revenue at gross to the consumer or on a net commission receivable basis. This judgement centres around risk considerations and the extent of added value, amongst other factors.

3 Turnover

	2015 £'000	2014 £'000
An analysis of the Company's revenue is as follows:		
Commission from sale of leisure travel services in the United Kingdom	5,855	3,186

4 Administrative expenses

	2015 £'000	2014 £'000
Administrative expenses	(2,593)	(2,350)

5 Interest receivable and similar income

	2015 £'000	2014 £'000
Bank interest receivable	813	570

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation has been arrived at after charging:

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment – owned assets	1	1
Operating lease rentals payable	3	-
Staff costs (see note 7)	159	159

Auditors' remuneration is paid for centrally by Thomas Cook Retail Limited. The audit fee is apportioned across the entities within the Group based on an allocation method. No apportionment of fees has been made to the Company. No audit fees or non-audit fees were paid directly by the Company. Amounts payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services are disclosed in the financial statements of Thomas Cook Group plc.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

7 Staff costs

The average monthly number of employees (excluding executive directors) was:

	2015 Number	2014 Number
Management and Admin	6	4
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	131	136
Social security costs	22	17
Other pension costs	6	6
	159	159

8 Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax		
Adjustments in respect of prior years	(49)	56
UK corporation tax charge for the year	836	308
Total current tax	787	364
Deferred tax		
Deferred tax adjustment in respect of current years	-	1
Adjustments in respect of prior years	-	1
Total deferred tax	-	2
Total tax charge	787	366

Corporation tax is calculated at 20.5% (2014: 22%) of the estimated assessable profit for the period. This is the weighted average tax rate applicable for the period following a reduction in the standard rate of UK Corporation Tax from 21% to 20% effective from 1st April 2015.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £'000	2014 £'000
Profit before taxation	4,075	1,406
Profit before tax multiplied by the current tax rate of 20.5% (2013: 22%)	835	309
Tax effect of :		
Expenses that are not deductible for tax purposes	1	-
Adjustments in respect of prior years	(49)	57
Total income tax charge for the year	787	366

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

8 Tax on profit on ordinary activities (continued)

Finance Act 2013 included legislation to reduce the main rate of Corporation Tax to 21% with effect from 1st April 2014 and 20% with effect from 1st April 2015. The changes have had no effect on these financial statements.

Further reductions in the main rate of Corporation Tax in the UK to 19% from 1st April 2017 and 18% from 1st April 2020 have been proposed and are being enacted separately. The changes have not been substantially enacted at the balance sheet date and therefore are not recognised in these financial statements. The overall effect of the proposed changes, if applied at the balance sheet date, would be nil.

9 Tangible fixed assets

	Furniture, fittings and equipment £'000	Total £'000
Cost or valuation		
At 1 October 2014	15	15
At 30 September 2015	15	15
Accumulated depreciation		
At 1 October 2014	(14)	(14)
Charge for the year	(1)	(1)
At 30 September 2015	(15)	(15)
Carrying amount		
At 30 September 2015	-	-
At 30 September 2014	1	1

10 Debtors

	2015 £'000	2014 £'000
Current assets		
Trade debtors	48	39
Less: provision for impairment of trade receivables	(20)	(20)
Trade receivables – net	28	19
Other receivables	1,330	479
Deposits and prepayments	120	131
Accrued income	99	-
Amount due from group undertakings	11,410	1
Social Security and other taxes	281	-
	13,268	630

The amounts due from group undertakings are unsecured, repayable on demand and interest free.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

11 Deferred tax asset

There are no offset deferred tax assets or liabilities in these financial statements.

The gross movement on the deferred income tax account is as follows:

	2015 £'000	2014 £'000
Beginning of year	2	4
Statement of comprehensive income charge	-	(2)
End of year	2	2

Movements on the deferred taxation assets and liabilities are as follows:

Deferred tax assets	Accelerated tax depreciation £'000	Tax Losses £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
At 1 October 2014	2	-	-	-	2
Balance at 30 September 2015	2	-	-	-	2

At the balance sheet date, the company had deductible short term timing differences of £11,000 (2014: £11,000) available for offset against future profits.

There are no unrecognised deferred tax assets or liabilities (2014:£nil).

12 Cash at bank and in hand

	2015 £'000	2014 £'000
Cash at bank and in hand	14,564	42,219
	14,564	42,219

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

13 Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
Trade payables	(15,756)	(13,960)
Accruals and Other payables	(2,333)	(2,250)
Corporation Tax payable	(2,006)	(1,219)
Amounts due to Group undertakings	(171)	(21,143)
	<u>(20,266)</u>	<u>(38,572)</u>

The amounts due to group undertakings are unsecured, repayable on demand and interest free.

14 Called up share capital

	2015 £'000	2014 £'000
Authorised:		
150,000 (2014:150,000) ordinary shares of £1 each	150	150
	<u>150</u>	<u>150</u>
Issued and fully paid:		
130,000 (2014:130,000) ordinary shares of £1 each	130	130
	<u>130</u>	<u>130</u>

15 Directors' remuneration

Directors' emoluments

Directors' emoluments are paid by a fellow group member. Remuneration is apportioned across the entities within the Group based on an allocation method. No apportionment of emoluments has been made to the Company as a result of this exercise.

The Freedom Travel Group Limited

Notes to the financial statements (continued) Year ended 30 September 2015

16 Related party transactions

Transactions between the Company and other members of the Thomas Cook Group are disclosed below.

	Sale of goods	Purchase of goods	Amounts owed by related parties	Amounts owed to related parties
<i>Trading transactions</i>	2015	2015	2015	2015
	£'000	£'000	£'000	£'000

Fellow subsidiary undertakings	3,108	-	11,410	171
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	Sale of goods	Purchase of goods	Amounts owed by related parties	Amounts owed to related parties
<i>Trading transactions</i>	2014	2014	2014	2014
	£'000	£'000	£'000	£'000

Fellow subsidiary undertakings	3,804	-	1	(21,143)
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The Company's revenue represents the amount of travel agency commissions receivable net of commissions passed on to independent travel agents, in the ordinary course of business. Only the commission receivable element of a holiday payment is recognised in the statement of comprehensive income - the balance of the amount payable by the customers is collected by the Company on behalf of the travel provider and is not included in either purchases or sales.

The amounts outstanding are unsecured and will be settled in the normal course of business. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Other trading transactions

During the year, the Company did not enter into any transactions with related parties who are not members of the Thomas Cook Group.

17 Ultimate controlling party

The Company is a subsidiary of Future Travel Limited.

Thomas Cook Group plc, incorporated in England and Wales, is the Company's ultimate parent company and ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 3rd floor, South Building, 200 Aldersgate, London, EC1A 4HD.

The Freedom Travel Group Limited

Notes to the financial statements (continued) **Year ended 30 September 2015**

18 Contingent liabilities

At 30 September 2015 the Company has given guarantees and counter indemnities to banks totalling £14.4m (2014: £23.4m) in respect of bonding, letter of credit and guarantee facilities. The Company is also a guarantor over bonding, letter of credit and guarantee facilities utilised by other UK subsidiaries of the Group. The Group potential liabilities in relation to total bonding, letter of credit and guarantee facilities are £14.4m (2014: £23.4m).