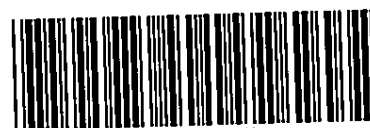


Hotels4u.com Limited

**Annual report and financial statements
for the year ended 30 September 2012**

Registered number 04649696

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Hotels4u.com Limited

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Hotels4u.com 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 2012.

Business review and activities

Hotels4u.com Limited is a wholly owned subsidiary of Thomas Cook Group plc ('the Group') a Company that is listed on the London Stock Exchange.

The results for the Company show a pre-tax loss of £7,585k (2011: profit of £19,864k) for the year and revenue of £23,748k (2011: £32,304k). The Company has net assets of £12,987k (2011: £38,360k). Net cash inflow from operating activities for 2012 was £26,465k (2011: £8,526k).

Thomas Cook Group plc operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail and online dynamic packaging / component travel businesses and scheduled tour operators.

Hotels4u.com Limited forms part of the "Independent Businesses" division. The Company will continue to focus on providing overseas holiday accommodation and will continue to be managed as an independent agent benefiting from synergies from being part of the Thomas Cook Group.

Following an adverse third party sales tax judgement post balance sheet, a charge of £14,345k has been recorded within administrative expenses in the year ended 30 September 2012 (2011: £nil).

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 operates in the travel intermediary segment, made up of travel agents and tour operators.

Growth in international tourism is closely correlated to economic growth and has enjoyed strong and sustained growth for most of the last three decades. While the global economic crisis in 2008 and subsequent contraction in gross domestic product and employment, combined with fuel and currency volatility, have restrained growth in the recent years, the long term outlook for the industry remains attractive.

Strategy and future outlook

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

In-house distribution gives the Group greater control over the volume and cost of distributing its products and, over the last three years, the Group has increased in-house distribution of package holidays from 53% to 61% of bookings.

In most of the Group's operating segments, retail stores remain a significant distribution channel for mainstream package holidays. However, over time, the Group's strategy is to increase the share of mainstream package holidays sold online.

At the beginning of the financial year end, Thomas Cook and The Co-operatives merged their high street networks to create the UK's largest high street travel retailer.

Hotels4u.com Limited

Directors' report (continued)

Principal risks and uncertainties

The UK group have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our products and services
- Failure to implement the UK turnaround plan
- Environmental risks and regulations
- Major health and safety incident
- Loss of, or difficulty in replacing, senior talent

For further information on the potential impact of these risks, and the procedures implemented by the Group to mitigate these risks, please refer to pages 18-19 of the Group's annual report

For details of financial risk management please refer to Note 23

Key performance indicators ('KPIs')

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 Hotels4U.com 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 pages 28 to 31 of the Group's annual report which does not form part of this report.

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2012 (2011 £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

H Perry

N Arthur (appointed 21 June 2013)

K-U G Sperl (appointed 21 June 2013)

J L Bedlow (resigned 28 March 2013)

M L MacMahon (appointed 20 January 2012 and resigned 13 February 2013)

P J Aird-Mash (appointed 20 January 2012 and resigned 30 January 2013)

Thomas Cook Group Management services Limited (appointed 9 October 2012)

Company secretary

Shirley Bradley

Directors' report (continued)

Directors' indemnities

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

Supplier payment policy

The Group's policy, which is also applied by the Company, is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 September 2012 were equivalent to 76 days purchases (2011: 39 days), based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

The Company made no charitable or political donations during the year (2011: £nil).

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.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Hotels4u.com Limited

Directors' report (continued)

Provision of information to auditors

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

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company.



N Arthur
Director
8th July 2013

Registered office
The Thomas Cook Business Park
Coningsby Road
Peterborough
PE3 8SB

Independent auditors' report to the members of Hotels4U.com Limited

We have audited the financial statements of Hotels4u com Limited for the year ended 30 September 2012 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity, Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

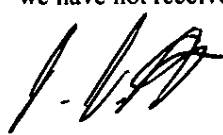
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

10 July 2013

Hotels4u.com Limited

Statement of comprehensive income Year ended 30 September 2012

| | Notes | Year ended 30 September 2012 £'000 | Year ended 30 September 2011 £'000 |
|---|-------|---|---|
| Total transaction value (TTV) | | 358,554 | 293,012 |
| Revenue | 3 | 23,748 | 32,304 |
| Operating expenses | 4 | (29,845) | (12,619) |
| Other (losses)/gains – net | 5 | (1,576) | 74 |
| Loss from operations | | (7,673) | 19,759 |
| Finance income | 8 | 151 | 193 |
| Finance costs | 9 | (63) | (88) |
| Loss before tax | 6 | (7,585) | 19,864 |
| Tax | 11 | 1,754 | 456 |
| Loss for the year and total comprehensive income | | (5,831) | 20,320 |
| Total comprehensive income for the year attributable to owners of the parent | | (5,831) | 20,320 |

All of the revenues 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

Hotels4u.com Limited

Registered number 04649696

Balance sheet**As at 30 September 2012**

| | Notes | 30 September 2012 £'000 | 30 September 2011 £'000 Restated | 1 October 2010 £'000 |
|--|-------|-------------------------------|---|----------------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 12 | 206 | 209 | 244 |
| Intangible assets | 13 | 5,743 | 5,450 | 5,213 |
| Investments in subsidiary undertakings | 14 | 4 | 4 | 4 |
| Deferred tax | 18 | 1,831 | - | - |
| | | <u>7,784</u> | <u>5,663</u> | <u>5,461</u> |
| Current assets | | | | |
| Trade and other receivables | 15 | 52,333 | 35,916 | 21,413 |
| Derivative financial instruments | 22 | - | 453 | 395 |
| Cash and cash equivalents | 16 | 72,578 | 47,181 | 39,440 |
| | | <u>124,911</u> | <u>83,550</u> | <u>61,248</u> |
| Total assets | | <u>132,695</u> | <u>89,213</u> | <u>66,709</u> |
| Current liabilities | | | | |
| Trade and other payables | 17 | (118,469) | (50,814) | (48,595) |
| Derivative financial instruments | 22 | (1,123) | - | (16) |
| | | <u>(119,592)</u> | <u>(50,814)</u> | <u>(48,611)</u> |
| Net current assets | | <u>5,319</u> | <u>32,736</u> | <u>12,637</u> |
| Non-current liabilities | | | | |
| Deferred tax | 18 | 116 | (39) | (58) |
| | | <u>116</u> | <u>(39)</u> | <u>(58)</u> |
| Total liabilities | | <u>(119,708)</u> | <u>(42,722)</u> | <u>(48,669)</u> |
| Net assets | | <u>12,987</u> | <u>38,360</u> | <u>18,040</u> |
| Equity attributable to owners of the parent | | | | |
| Share capital | 19 | 1 | 1 | 1 |
| Retained earnings | | 12,986 | 38,359 | 18,039 |
| Total equity | | <u>12,987</u> | <u>38,360</u> | <u>18,340</u> |

The notes on pages 12 to 31 form part of these financial statements

The financial statements on pages 8 to 31 were approved by the board of directors and authorised for issue on 8th July 2013

Signed on behalf of the board

N Arthur
Director

Hotels4u.com Limited

Statement of changes in equity Year ended 30 September 2012

| | Issued share capital £'000 | Retained earnings £'000 | Total £'000 |
|---|---|--|------------------------|
| At 1 October 2010 | 1 | 18,039 | 18,040 |
| Profit for the year and total comprehensive income | - | 20,320 | 20,320 |
| At 30 September 2011 | 1 | 38,359 | 38,360 |
| Loss for the year and total comprehensive income | - | (5,831) | (5,831) |
| Group relief not at the standard rate | - | (19,542) | (19,542) |
| Balance at 30 September 2012 | 1 | 12,986 | 12,987 |

Hotels4u.com Limited

Statement of cash flows Year ended 30 September 2012

| | Notes | Year ended 30 September 2012 £'000 | Year Ended 30 September 2011 £'000 |
|--|-------|---|---|
| Cash flows from operating activities | | | |
| Cash generated by operations | 20 | 26,465 | 8,526 |
| | | <u>26,465</u> | <u>8,526</u> |
| Investing activities | | | |
| Interest received | | 151 | 193 |
| Purchase of property, plant and equipment | | (113) | (69) |
| Disposal of intangible assets | | 9 | - |
| Purchase of intangible assets | | (1,052) | (821) |
| Net cash used in investing activities | | <u>(1,005)</u> | <u>(697)</u> |
| Financing activities | | | |
| Interest paid | | (63) | (88) |
| Net cash used in financing activities | | <u>(63)</u> | <u>(88)</u> |
| Net increase in cash and cash equivalents | | 25,397 | 7,741 |
| Cash and cash equivalents at beginning of the year | | 47,181 | 39,440 |
| Cash and cash equivalents at end of the year | 16 | <u>72,578</u> | <u>47,181</u> |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

1 General information

Hotels4u.com 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, PE3 8SB. The nature of the Company's operation and its principal activities are set out in the Directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in England and Wales which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and filed with the Registrar of Companies. The company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

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 24 Amendment "Related parties" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment clarifies the definition of related parties.

IFRIC 14 Amendment "Prepayments of a minimum funding requirement" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment remedies one of the consequences of IFRIC 14, whereby an entity under certain circumstances was not allowed to recognise an asset for the prepayment of a minimum funding requirement.

In addition, the Group has adopted the various amendments to International Financial Reporting Standards and the related Bases for Conclusions and guidance made in the International Accounting Board's annual improvement process. The relevant IFRSs subject to Annual Improvements 2010 and applicable to the Group include:

| | |
|--------|--|
| IFRS 3 | Business Combinations |
| IFRS 7 | Financial Instruments: Disclosure |
| IAS 1 | Presentation of Financial Statements |
| IAS 27 | Consolidated and Separate Financial Statements |
| IAS 34 | Interim Financial Reporting |

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

The following new standards, amendments to standards and interpretations that are expected to impact the Group, which have not been applied in these financial statements, were in issue, but are not yet effective and are not EU endorsed:

IFRS 9 "Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2015. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.

IFRS 10 "Consolidated financial statements" is effective for annual reporting periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within consolidated financial statements.

Notes to the financial statements
Year ended 30 September 2012

1 General information (continued)

IFRS 11 “Joint arrangements” is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

IFRS 12 “Disclosure of interests in other entities” is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 “Fair value measurement” is effective for annual periods beginning on or after 1 January 2013. This standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.

IAS 19 (revised 2011) “Employee benefits” is effective for annual periods beginning on or after 1 January 2013. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

IAS 27 (revised) “Separate financial statements” is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised) “Investments in associates and joint ventures” is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IAS 32 “Offsetting financial assets and liabilities” is effective for annual periods beginning on or after 1 January 2014, and provides clarification on the application of offsetting rules.

Management is currently assessing the impact of adopting these new or amended standards and interpretations.

2 Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IFRSs as adopted by the EU and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The accounting policies adopted are consistent with those of the previous financial year except for those which the Company has adopted in the year.

The financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

Prior year restatement

Trade receivables as at 30 September 2011 have been restated to include £5,521,000 of booking deposits received in advance of departures with the corresponding amount recorded in deferred income. Trade payables as at 30 September 2011 have been restated to include £2,610,000 of booking deposits paid in advance of departures with the corresponding amount recorded in deposits and prepayments. This restatement has been recorded to align with group accounting policies.

Subsidiary undertakings

Investments in subsidiary undertakings are accounted for at cost less provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

Notes to the financial statements
Year ended 30 September 2012

2 Significant accounting policies (continued)

Property, plant and equipment (continued)

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 and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

| | |
|---------------------|---------------|
| Plant and machinery | 25% per annum |
|---------------------|---------------|

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.

Intangible assets

Intangible assets, other than goodwill, are carried on the company's balance sheet at cost less accumulated amortisation. Intangible assets with indefinite useful lives are not amortised. For all other intangible assets, amortisation is charged on a straight line basis over the asset's useful life as follows:

| | |
|-------------------|---------------|
| Computer software | 20% per annum |
|-------------------|---------------|

Intangible assets are assessed at each reporting date for indications of impairment. If such indications exist, the recoverable amount is estimated and compared to the carrying value. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised immediately in the Statement of comprehensive income.

The gain or loss on disposal of computer software 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.

Goodwill arising on the acquisition of the assets and trade of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable net assets or liabilities acquired. Goodwill is recognised as an asset, and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Company's Statement of comprehensive income and is not subsequently reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The allocation of goodwill is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Total transaction value (TTV)

Total transaction value (TTV) is the total gross sales amounts receivable in respect of the travel and holiday arrangements for the year. TTV, which is stated net of value added tax, does not represent the company's statutory turnover.

Notes to the financial statements
Year ended 30 September 2012

2 Significant accounting policies (continued)

Revenue

The company does not take ownership of the products or services being sold and acts as an agent, receiving commission from the supplier of the products or services being sold. Revenue, therefore, represents commission earned less amounts due on any commission shared. This is recognised on a departure date basis.

Statement of comprehensive income presentation

Profit or loss from operations includes the results from operating activities of the Company.

IAS 39 fair value re-measurement includes movements in forward points related to foreign exchange forward contracts. This is subject to market fluctuations and unwinds when the forward contracts mature and therefore is not considered to be part of the Company's underlying performance.

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.

Pension

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs charged against profits in respect of the company's money purchase scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

The company provides no other contractual post retirement benefits to its employees.

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.

Notes to the financial statements
Year ended 30 September 2012

2 Significant accounting policies (continued)

Derivative financial instruments

Derivatives are recognised at their fair value. When a derivative does not qualify for hedge accounting as a cash flow hedge, changes in fair value are recognised immediately in the Statement of comprehensive income.

The Company does not designate any of its derivative financial instruments as cash flow hedges and hence takes all changes in fair value through the Statement of comprehensive income.

Non derivative financial instruments

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, 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 'selling and marketing costs'. 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 and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

In the cash flow statement, 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.

Share capital

Ordinary shares are classified as equity.

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

Critical judgements in applying the company's accounting policies

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

Recoverable amounts of deposits and prepayments

Judgements have been made in respect of the volumes of future trading with hoteliers and the credit-worthiness of those hoteliers in order to assess the recoverable amounts of deposits and prepayments made to those hoteliers.

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

2 Significant accounting policies (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below

Tax

Tax assets and liabilities represent management's estimate of tax that will be payable or recoverable in the future and may be dependent on estimates of future profitability

In addition, estimates have been made in respect of the probable future utilisation of tax losses and deferred tax assets have been recognised. The recoverability of these assets is dependent on the agreement of the losses with the relevant authorities and the estimates of future profitability

Derivative financial instruments

Judgement is required in determining the fair value of derivative financial instruments at each balance sheet date. Where appropriate external valuations from financial institutions and internal valuations from the Thomas Cook Group treasury team are undertaken to support the carrying value of such items

3 Revenue

An analysis of the company's revenue is as follows

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Commission earned on the sale of overseas holiday accommodation and other services | 23,748 | 32,304 |

4 Operating expenses

| | 2012 £'000 | 2011 £'000 |
|---------------------------|---------------|---------------|
| Administrative expenses | 26,892 | 10,429 |
| Sales and marketing costs | 2,953 | 2,517 |
| Other operating income | - | (327) |
| | 29,845 | 12,619 |

Following an adverse third party sales tax judgement post balance sheet, a charge of £14,345k has been recorded within administrative expenses in the year ended 30 September 2012 (2011: £nil)

5 Other (losses)/ gains - net

| | 2012 £'000 | 2011 £'000 |
|------------------------------------|---------------|---------------|
| Foreign exchange forward contracts | (1,576) | 74 |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

6 Profit before tax

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Profit before tax has been arrived at after charging | | |
| Depreciation of property, plant and equipment – owned assets | 116 | 104 |
| Operating lease rentals - equipment | 17 | 36 |
| Staff costs (see note 7) | 7,903 | 6,929 |
| Auditors' remuneration for audit services | 28 | 25 |
| | <u>28</u> | <u>25</u> |

7 Staff costs

The average monthly number of employees (including executive directors) was

| | 2012 Number | 2011 Number |
|----------------|----------------|----------------|
| Sales | 8 | 12 |
| Administration | 203 | 185 |
| | <u>211</u> | <u>197</u> |

Their aggregate remuneration comprised

| | 2012 £'000 | 2011 £'000 |
|-------------------------------|---------------|---------------|
| Wages and salaries | 7,042 | 6,195 |
| Social security costs | 713 | 601 |
| Other pension costs (note 24) | 148 | 133 |
| | <u>7,903</u> | <u>6,929</u> |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

8 Finance income

| | 2012 £'000 | 2011 £'000 |
|--------------------------|---------------|---------------|
| Bank interest receivable | <u>151</u> | <u>193</u> |

9 Finance costs

| | 2012 £'000 | 2011 £'000 |
|--------------------|---------------|---------------|
| Bank interest paid | <u>63</u> | <u>88</u> |

10 Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2012 (2011 Nil)

11 Tax

| | 2012 £'000 | 2011 £'000 |
|---|----------------|---------------|
| Current tax | | |
| UK corporation tax charge for the year | - | - |
| UK corporation tax adjustment in respect of prior years | - | (437) |
| Deferred tax credit (see note 18) | <u>(1,754)</u> | <u>(19)</u> |
| | <u>(1,754)</u> | <u>(456)</u> |

Corporation tax is calculated at 25% (2011 27%) of the estimated assessable profit for the year. This is the weighted average tax rate applicable for the year following a reduction in the standard rate of UK Corporation Tax from 26% to 24% effective from 1 April 2012.

Reconciliation of effective tax rate to statutory tax rate

The tax on the company's profit before tax differs from the theoretical amount that would arise using the expected or weighted average tax rate applicable to the loss of the company as follows:

| | 2012 £'000 | 2011 £'000 |
|--|----------------|---------------|
| Loss before tax | <u>(7,585)</u> | <u>19,864</u> |
| Expected tax charge at the UK corporation tax rate of 25% (2011 27%) | <u>(1,896)</u> | <u>5,364</u> |
| Tax effect of expenses that are not deductible in determining taxable profit | 36 | 19 |
| Group relief received for nil consideration | (38) | (5,402) |
| Depreciation not in deferred tax | 3 | 3 |
| Deferred tax effect of reduction in the main rate of Corporation Tax | 107 | (3) |
| UK corporation tax adjustment in respect of prior years | <u>34</u> | <u>(437)</u> |
| Tax credit for the year | <u>(1,754)</u> | <u>(456)</u> |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

11 Tax (continued)

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25%.

The Finance Act 2012 also included legislation to reduce the main rate of corporation tax to 23% with effect from 1 April 2013. The effect of these changes has been to reduce the deferred tax asset by £20k as at 30 September 2012 (2011: reduce the deferred tax liability by £3k).

A further reduction in the main rate of Corporation Tax to 20% by 1 April 2015 has also been proposed and is expected to be enacted separately. The change has not been substantially enacted at the balance sheet date and therefore is not recognised in these financial statements. The overall effect of the proposed change if applied to the deferred tax balance at the balance sheet date, would be to increase the deferred tax asset by approximately £3k.

12 Property, plant and equipment

| | Plant and machinery £'000 |
|---------------------------------|--|
| Cost | |
| At 1 October 2010 | 835 |
| Additions | 69 |
| At 1 October 2011 | 904 |
| Additions | 113 |
| At 30 September 2012 | 1,017 |
| Accumulated depreciation | |
| At 1 October 2010 | 591 |
| Charge for the year | 104 |
| At 1 October 2011 | 695 |
| Charge for the year | 116 |
| At 30 September 2012 | 811 |
| Carrying amount | |
| At 30 September 2012 | 206 |
| At 30 September 2011 | 209 |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

13 Intangible assets

| | Computer software £'000 | Goodwill £'000 | Total £'000 |
|--|-------------------------------|-------------------|----------------|
| Cost | | | |
| At 1 October 2010 | 2,939 | 3,145 | 6,084 |
| Additions | 821 | - | 821 |
| At 1 October 2011 | 3,760 | 3,145 | 6,905 |
| Disposals | (52) | - | (52) |
| Additions | 1,052 | - | 1,052 |
| At 30 September 2012 | 4,760 | 3,145 | 7,905 |
| Accumulated amortisation and impairment | | | |
| At 1 October 2010 | 871 | - | 871 |
| Charge for the year | 584 | - | 584 |
| At 1 October 2011 | 1,455 | - | 1,455 |
| Disposals | (43) | - | (43) |
| Charge for the year | 750 | - | 750 |
| At 30 September 2012 | 2,162 | - | 2,162 |
| Carrying amount | | | |
| At 30 September 2012 | 2,598 | 3,145 | 5,743 |
| At 30 September 2011 | 2,305 | 3,145 | 5,450 |

Amortisation of £750k (2011 £584k) has been included within operating expenses

In accordance with accounting standards, the Group (including Hotels4u.com Limited) annually tests the carrying value of goodwill for impairment. At 30 September 2011, the review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the net present value of future cash flows derived from those assets, using cash flow projections discounted at pre-tax rate of 10% (2010 10%), reflecting specific risks relating to the relevant cash-generating unit.

The key assumptions used in the value in use calculations are those regarding the discount rates, revenue and cost growth rates and the level of capital expenditure required during the year. The Group prepares cash flow forecasts derived from the most recently approved annual budgets and three year plans of the relevant businesses. The cash flow forecasts reflect the risk associated with each asset. Cash flow forecasts for years beyond the three year plan period are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets.

There were no impairment losses recognised on goodwill during the year (2011 £nil) and no reasonable change to the assumptions would lead to a material impairment.

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

14 Investments

| | Shares in group undertakings £'000 |
|---|---|
| Cost | |
| At 1 October 2010, 30 September 2011 and 2012 | <u>4</u> |

The investments are made up as follows

| | 2012 £'000 | 2011 £'000 |
|---------------------------------|---------------|---------------|
| Transfers4u com Limited | 2 | 2 |
| Trust Accommodation com Limited | 2 | 2 |
| | <u>4</u> | <u>4</u> |

| Name of company | Country of incorporation | % ownership of ordinary shares | Principal activity |
|---------------------------------|-----------------------------|--------------------------------------|-----------------------|
| Transfers4u com Limited | England | 100% | Dormant |
| Trust Accommodation com Limited | England | 100% | Dormant |

The directors believe that the carrying value of the investments is supported by their underlying net assets

15 Trade and other receivables

| | 2012 £'000 | 2011 £'000 Restated |
|-------------------------------------|---------------|---------------------------|
| Current assets | | |
| Trade receivables | 28,516 | 15,029 |
| Deposits and prepayments | 23,731 | 7,349 |
| Other receivables | - | 13,538 |
| Amounts due from group undertakings | 86 | - |
| | <u>52,333</u> | <u>35,916</u> |

The average credit period taken on sales of goods is 29 days (2011 12 days) No interest is charged on the receivables The credit risk in respect of direct receivables from customers is limited as payment is required in full before the services are provided

Trade and other receivables as at 30 September 2011 have been restated to include £5,521,000 of booking deposits received and £2,610,000 deposits paid in advance of departures

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

15 Trade and other receivables (continued)

Deposits and prepayments includes amounts paid in advance to suppliers of hotel and other services in order to guarantee the provision of those supplies and historically have covered periods from 1 to 24 months in advance. The Group's current policy, which is also adopted by the company, is that deposits and prepayments will normally only be made for periods of up to twelve months in advance. There is a credit risk in respect of the continued operation of those suppliers during those periods.

The company's credit risk is primarily attributable to these 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. At the year end the balance of this provision was £nil (2011 £nil).

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The other classes within trade and other receivables do not contain impaired assets. At the year end, trade and other receivables of £18,304k (2011 £445k) were past due but not impaired. The analysis of the age of these financial assets is set out below.

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Ageing analysis of overdue trade and other receivables | | |
| Less than 1 month overdue | 16,685 | 35 |
| Between 1 and 3 months overdue | 1,230 | 67 |
| Between 3 and 12 months overdue | 389 | 343 |
| | <u>18,304</u> | <u>445</u> |

Trade and other receivables are not subject to restrictions on title and no collateral is held as security. The directors consider that the carrying amounts of trade and other receivables is a reasonable approximation of their fair values. Intercompany receivables are unsecured, repayable on demand and are interest free.

16 Cash and cash equivalents

| | 2012 £'000 | 2011 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | <u>72,578</u> | <u>47,181</u> |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

17 Trade and other payables

| | 2012 £'000 | 2011 £'000 Restated |
|--|------------------|---------------------------|
| Current liabilities | | |
| Trade payables | (70,577) | (27,997) |
| Other taxation and social security | (220) | (172) |
| Accruals and deferred income | (20,305) | (13,598) |
| Group relief payable to Group undertakings | (19,542) | (1,107) |
| Other amounts due to Group undertakings | (7,825) | (7,940) |
| | <u>(118,469)</u> | <u>(50,814)</u> |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 76 days (2011: 39 days).

| | 2012 £'000 | 2011 £'000 |
|--|------------------|-----------------|
| Ageing analysis of trade and other payables | | |
| Less than 3 months | (98,171) | (50,814) |
| Between 3 and 12 months | (20,298) | - |
| | <u>(118,469)</u> | <u>(50,814)</u> |

The directors consider that the carrying amount of trade payables approximates to their fair value.

Trade and other payables as at 30 September 2011 have been restated to include £5,521,000 of booking deposits received and £2,610,000 deposits paid in advance of departures.

18 Deferred tax

| | Tax losses £'000 | Fair value gains £'000 | Accelerated tax depreciation £'000 | Other £'000 | Total £'000 |
|---|------------------------|---------------------------------|---|----------------|----------------|
| At 1 October 2010 | - | (103) | 114 | (69) | (58) |
| Current year tax (charge)/credit to the statement of comprehensive income | - | (13) | 57 | (25) | 19 |
| At 30 September 2011 | - | (116) | 171 | (94) | (39) |
| Current year tax credit/(charge) to the statement of comprehensive income | 1,369 | 380 | 27 | (22) | 1,754 |
| Balance at 30 September 2012 | <u>1,369</u> | <u>264</u> | <u>198</u> | <u>(116)</u> | <u>1,715</u> |

At the balance sheet date, the company had unused tax losses of £5,824k (2011: £nil) and other short term timing differences of £1,978k (2011: £681k) available for offset against future profits. In addition, the company has short term timing differences of £503k (2011: £830k) that will be chargeable in later periods. There are no unrecognised deferred tax assets or liabilities.

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

19 Share capital

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Authorised: | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| Allotted, issued and fully paid: | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

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

20 Notes to the cash flow statement

| | 2012 £'000 | 2011 £'000 |
|--|----------------|---------------|
| Loss before tax | (7,585) | 19,864 |
| Adjustments for | | |
| Depreciation of property, plant and equipment | 116 | 104 |
| Amortisation of intangible assets | 750 | 584 |
| Finance income | (151) | (193) |
| Finance costs | 63 | 88 |
| Fair value loss/ (gains) on derivative financial instruments | 1,576 | (74) |
| Operating cash outflows before movements in working capital | <u>(5,231)</u> | <u>20,373</u> |
| Increase in receivables | (16,417) | (14,503) |
| Increase in payables | <u>48,113</u> | <u>2,656</u> |
| Cash generated by operating activities | <u>26,465</u> | <u>8,526</u> |

21 Operating lease arrangements

The company as a lessee

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Minimum lease payments under operating leases recognised in statement of comprehensive income for the year | <u>(17)</u> | <u>(36)</u> |

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Within one year | 15 | 33 |
| In second to fifth years inclusive | <u>12</u> | <u>36</u> |
| | <u>27</u> | <u>69</u> |
| Operating leases rentals above are in respect of equipment rentals | | |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

22 Financial instruments

The carrying values of the Company's financial assets and liabilities as at 30 September 2012 and 30 September 2011 are as set out below

| At 2012 | Held for trading £'000 | Derivative instruments in designated hedging relationships £'000 | Loan and receivables £'000 | Available-for-sale £'000 | Financial liabilities at amortised cost £'000 |
|------------------------------------|---------------------------|---|-------------------------------|-----------------------------|--|
| Non-current asset investments | - | - | 4 | - | - |
| Trade and other receivables | - | - | 46,860 | - | - |
| Cash and cash equivalents | - | - | 72,578 | - | - |
| Trade and other payables | - | - | - | - | (118,469) |
| Borrowings | - | - | - | - | - |
| Obligations under financial leases | - | - | - | - | - |
| Derivative financial instruments | (1,123) | - | - | - | - |
| | (1,123) | - | 119,442 | - | (118,469) |

| At 30 September 2011 | Held for trading £'000 | Derivative instruments in designated hedging relationships £'000 | Loan and receivables £'000 | Available-for-sale £'000 | Financial liabilities at amortised cost £'000 |
|------------------------------------|---------------------------|---|-------------------------------|-----------------------------|--|
| Non-current asset investments | - | - | 4 | - | - |
| Trade and other receivables | - | - | 29,409 | - | - |
| Cash and cash equivalents | - | - | 47,181 | - | - |
| Trade and other payables | - | - | - | - | (49,707) |
| Borrowings | - | - | - | - | - |
| Obligations under financial leases | - | - | - | - | - |
| Derivative financial instruments | 453 | - | - | - | - |
| | 453 | - | 76,594 | - | (49,707) |

Derivative financial instruments

The fair values of derivative instruments as at 30 September 2012

| | Currency contracts £'000 |
|--|-----------------------------|
| At 1 October 2010 | 379 |
| Movement in fair value during the year | 74 |
| At 1 October 2011 | 453 |
| Movement in fair value during the year | (1,576) |
| At 30 September 2012 | (1,123) |

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

22 Financial instruments (continued)

| | 2012 £'000 | 2011 £'000 |
|-------------------------|----------------|---------------|
| Non-current assets | - | - |
| Current assets | - | 453 |
| Current liabilities | (1,123) | - |
| Non-current liabilities | - | - |
| | <u>(1,123)</u> | <u>453</u> |

Fair value hierarchy

The fair value of the Company's financial instruments are disclosed in hierarchy levels depending on the valuation method applied. The different methods are defined as follows:

- Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments
- Level 2: valued using techniques based on information that can be obtained from observable market data
- Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data

The fair value of the Company's financial assets and liabilities at 30 September 2012 are set out below:

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|------------------------------|------------------|------------------|------------------|----------------|
| Financial assets | | | | |
| Currency contracts | - | - | - | - |
| Financial liabilities | | | | |
| Currency contracts | - | (1,123) | - | (1,123) |
| At 30 September 2012 | <u>-</u> | <u>(1,123)</u> | <u>-</u> | <u>(1,123)</u> |

The Company uses derivative instruments to hedge against significant future transactions and cash flows denominated in foreign currencies. The Company enters into a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. These contracts do not qualify as cash flow hedges and hence any gain/loss on the fair value of these contracts is immediately recognised in the Statement of comprehensive income.

The Company undertakes hedging transactions to mitigate the risk of unfavourable changes in the prices.

The fair values of the Company's derivative financial instruments set out above have been determined by reference to prices available from the markets in which the instruments are traded.

**Notes to the financial statements
Year ended 30 September 2012****23 Financial risk management****Financial risk**

The Company is subject to risks related to changes in exchange rates, counterparty credit and liquidity within the framework of its business operations

Currency risk

The Company has activities in a large number of countries and is therefore subject to the risk of exchange rate fluctuations. Currency risks arise in connection with the sourcing of services from destinations outside the source market.

The Company requires subsidiaries to identify and appropriately hedge all trading exposures in line with established policies.

The Company uses currency forwards, currency swaps and plain vanilla currency options to manage currency risks and these are usually designated as cash flow hedges of forecast future transactions.

Exchange rate risk

| | 2012 £'000 | | 2011 £'000 | |
|-------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| | Impact on profit before tax | Net impact on equity | Impact on profit before tax | Net Impact on equity |
| 5% strengthening of euro | 1,159 | 1,159 | 432 | 432 |
| 5% weakening of euro | (1,282) | (1,282) | (478) | (478) |
| 5% strengthening of US dollar | 678 | 678 | 297 | 297 |
| 5% weakening of US dollar | (749) | (749) | (328) | (328) |

Liquidity risk

The liquidity position of the Company is significantly influenced by the booking and 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.

Financial liabilities are analysed below based on the time between the period end and their contractual maturity. The amounts shown are estimates of the undiscounted future cash flows and will differ from both carrying value and fair value.

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

23 Financial risk (continued)

| At 30 September 2012 | Amount due | | | | Total £'000 |
|----------------------------------|--------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|----------------|
| | In less than 3 months £'000 | Between 3 and 12 months £'000 | Between 1 and 5 years £'000 | in more than 5 years £'000 | |
| | | | | | |
| Trade and other payables | (118,469) | - | - | - | (118,469) |
| Derivative financial instruments | | | | | |
| - payable | (1,123) | - | - | - | (1,123) |
| - receivable | - | - | - | - | - |

| At 30 September 2011 | Amount due | | | | Total £'000 |
|----------------------------------|--------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|----------------|
| | in less than 3 months £'000 | between 3 and 12 months £'000 | between 1 and 5 years £'000 | in more than 5 years £'000 | |
| | | | | | |
| Trade and other payables | (49,707) | - | - | - | (49,707) |
| Derivative financial instruments | | | | | |
| - payable | - | - | - | - | - |
| - receivable | 170 | 283 | - | - | 453 |

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 Company's approach to credit risk in respect of trade and other receivables is explained in Note 15.

Capital Management

The Company's objective when managing capital is to safeguard the company's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of net assets and the company strategy is to maintain a net asset position, the values of which are shown on the balance sheet at 30 September 2012 and 30 September 2011.

Hotels4u.com Limited

Notes to the financial statements Year ended 30 September 2012

24 Pension Costs

The company operates a money purchase scheme for the benefit of qualifying employees. The pension costs for the year amounted to £148,175 (2011: £132,522).

25 Related party transactions

Transactions, and outstanding balances, between the company and other members of the Thomas Cook Group are disclosed below.

Trading transactions

| | Sale of goods | | Purchase of goods | |
|---|---------------|---------------|-------------------|---------------|
| | 2012 £'000 | 2011 £'000 | 2012 £'000 | 2011 £'000 |
| Parent and fellow subsidiary undertakings | 68,165 | 42,322 | (9,532) | (3,574) |

| | Amounts owed by related parties | | Amounts owed to related parties | |
|---|---------------------------------|---------------|---------------------------------|---------------|
| | 2012 £'000 | 2011 £'000 | 2012 £'000 | 2011 £'000 |
| Parent and fellow subsidiary undertakings | 86 | - | (27,367) | (7,940) |

Sales of goods to related parties were made at the company's usual list prices.

Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and interest free. 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

There were no other trading transactions with any related parties.

Notes to the financial statements
Year ended 30 September 2012

26 Remuneration of key personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Aggregate emoluments | 511 | 479 |
| Company pension contributions to money purchase schemes | 51 | 54 |
| | <u>562</u> | <u>533</u> |

Pensions

The number of directors who were members of pension schemes was as follows

| | 2012 Number | 2011 Number |
|------------------------|----------------|----------------|
| Money purchase schemes | <u>2</u> | <u>2</u> |

The amounts in respect of the highest paid director are as follows

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Aggregate emoluments | 348 | 315 |
| Company pension contributions to money purchase schemes | 33 | 36 |
| | <u>381</u> | <u>351</u> |

Directors' transactions

There were no loans, quasi-loans or other transactions with directors (or other key management personnel) which would need to be disclosed under the requirements of Schedule 6 of the Companies Act or IAS 24, "Related party disclosures"

27 Ultimate controlling party

The Company is a subsidiary of Thomas Cook Investments (1) Limited, which is incorporated in England and Wales

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

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN