

Hotels4u.com Limited
Annual report and financial statements
for the year ended 30 September 2015

Registered number 04649696



Hotels4u.com Limited

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Hotels4u.com Limited

Registered number 04649696

Strategic report

The directors present their Strategic report on the affairs of Hotels4u.com Limited (“the Company”), together with the financial statements for the year ended 30 September 2015.

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 loss on ordinary activities before taxation of £5,150k (2014: £4,962k) for the year and revenue of £7,167k (2014: £22,729k). The Company has net assets of £12,371k (2014: £15,939k).

Turnover for the year was derived from commission earned from hoteliers. The year on year decrease of turnover was mainly due to reduced total transactions, increased sales to Thomas Cook Group Companies and TOMS from FY15 being netted from turnover (FY14 TOMS charge within exceptionals within FY15).

The results for the Company show a pre-tax (loss)/gain before exceptional charges of (£1,170k) (2014: £3,702k) for the year. There are £3,947k exceptional charges in the year ended 30 September 2015 (2014: £8,713k). These exceptional charges include the cost of software and furniture written off during the year and VAT adjustment under Tour Operating Margin Scheme (TOMS) for financial year 2014.

The business continues to focus on two key channels: Business to Business agents (B2B) and supply of accommodation to the Thomas Cook Group.

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.

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

Our 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. We are 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.

Strategic report (continued)

Principal risks and uncertainties

The UK group, of which Hotels4u.com 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.
 - On-going monitoring of our hotel portfolio has allowed us to focus on the continuous improvement of our product offering, taking into account feedback from our customers.
 - 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 achieve growth in the Thomas Cook Group's digital distribution channel may have an adverse impact on our market share, profitability and future growth.
 - We have made significant investment in our One Web platform, which has led to improvements in functionality and resulted in higher conversion rates and online bookings.
 - As part of our new operating model, the "Omni-channel" initiative will ensure a seamless digital experience for our customers both in stores and online.
 - Our Group Ecommerce Team has regular dialogues with management within our source markets to maintain oversight and provide digital support.
 - Our new Companion App allows our customers to obtain information about their holiday, manage payments, and book excursions while in-destination.
4. 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
5. 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.

Strategic report (continued)

Principal risks and uncertainties (continued)

- IT works closely within the business to ensure NUMO initiatives have the appropriate level of support.
- 6. 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.
- 7. 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.
- 8. 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.
- 9. 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 24.

Strategic report (continued)

Principal risks and uncertainties (continued)

10. 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.
11. 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

The Company is subject to liquidity and cash flow risk, credit risk, counterparty credit risk and exchange rate 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.

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Financial risk management (continued)

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 hedging contracts 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.

Exchange rate risk

The Company has activities in a large number of countries and is therefore subject to the risk of exchange rate fluctuations. These risks arise in connection with the procurement of services in destinations outside of the UK. For example, Euro exposure arises on the procurement of hotel accommodation. 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. Notional internal contracts are entered into with Thomas Cook Group Treasury Limited.

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 page 36 of the Group's annual report which does not form part of this report.

Employee Engagement

Employee engagement is integral to the culture and focus of the business and the Company recognises the benefit of keeping employees informed of progress. There is a People Forum in each area of the Group's business called "VOICE" and a UK National People Forum is then made up a representatives of each local forum. Further elected representatives of the National Forum represent the Company at the European Works Council which informs and engages on transnational matters that impact Group segments. Employee representatives are elected by their fellow Thomas Cook colleagues.

The VOICE forums have been structured to enable communication and dissemination of information and provide a means by which employees can be consulted and engaged on matters impacting them. At these forums, employees are provided with regular information on the performance and plans of the Group, and the financial and economic factors affecting it. These meetings are also one of the many feedback mechanisms from employees to the senior management team.

Share and financial performances are also a regular topic of communication with regular Town Hall briefings lead by the UK Management Team along with a weekly internal communications e-newsletter which is sent to all UK employees on recent business, product launches, internal updates and share performance. Employees can participate directly in the Company's performance in Buy As You Earn Share Scheme and many take up this opportunity.

Financial risk management (continued)

Additionally, the Company encourages feedback and involvement through a confidential annual engagement survey supported by an external provider. This enables the Company to shape its future based on feedback and involvement from its employees. The survey asks specific questions around information sharing, knowledge of the direction of the company and regularity of updates. The action planning and completion is culturally embedded and is seen as a vital part of the engagement and motivation of colleagues.

Disabled Employees

The Company is committed to promoting equality for all. This duty extends to all our employees to ensure they work in a culture and working environment that is free from harassment and discriminatory treatment. Our views and policies can be found on our Company Intranet where all employees are able to access their content. The policies are regularly updated to reflect both best practice and legislation.

Every part of our business wants to attract and retain the best people. Like our customers, our colleagues come from all sorts of backgrounds. We value the diversity of our people and employment applications are welcomed and encouraged from all sections of the community. We believe every one of them should be recognised and treated fairly on their merits and abilities. It is recognised by Thomas Cook that ensuring equal opportunities for disabled people may also involve adjustments needing to be made to the working environment. In addition, employees who become disabled during their employment will be offered employment opportunities consistent with their capabilities.

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

A handwritten signature in black ink, appearing to read 'P A Hemingway', with a large, stylized flourish extending from the end.

P A Hemingway
Director
16 May 2016

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

Directors' report

The directors present their directors' report on the affairs of the Company, together with the audited financial statements. This directors' report covers the year ended 30 September 2015. The future development of the Company and its' management of financial risks are stated in the Strategic Report.

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 and secretary of the company who were in office during the year and up to the date of signing the financial statements were:

P A Hemingway
Thomas Cook Group Management Services Limited

Shirley Bradley
Company Secretary

Directors' indemnities

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

Statement of directors' responsibilities

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

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

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

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

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

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:

A handwritten signature in black ink, appearing to read 'P A Hemingway', with a long horizontal flourish extending to the right.

P A Hemingway

16 May 2016

Registered office

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

Independent auditors' report to the members of Hotels4u.com Limited

Report on the financial statements

Our opinion

In our opinion, Hotels4u.com 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 loss 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.

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.

Independent auditors' report to the members of Hotels4u.com Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 parent 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.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 May 2016

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Statement of comprehensive income Year ended 30 September 2015

	Notes	2015 £'000	2014 £'000
Total transaction value (TTV)		250,086	292,791
Revenue	3	7,167	22,729
Operating expenses	4	(13,325)	(27,249)
Other gains/(loss) - net	5	1,041	(491)
(Loss) from operations		(5,117)	(5,011)
Analysed between:			
Operating profit/(loss) before exceptional items		(1,170)	3,702
Exceptional items	12	(3,947)	(8,713)
		(5,117)	(5,011)
Interest receivable and similar income	8	18	57
Interest payable and similar charges	9	(51)	(8)
(Loss) on ordinary activities before taxation		(5,150)	(4,962)
Tax credit on ordinary activities	11	1,582	470
(Loss) for the financial year and total comprehensive expense		(3,568)	(4,492)

All of the revenues and results arose from continuing operations.

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

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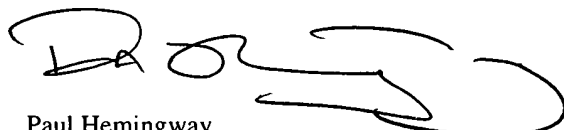
Balance sheet As at 30 September 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	13	1,222	243
Intangible assets	14	4,886	6,416
		<u>6,108</u>	<u>6,659</u>
Current assets			
Debtors	15	96,517	19,252
Deferred taxation	18	2,052	470
Derivative financial instruments	22	675	39
Cash at bank and in hand	16	4,712	79,392
		<u>103,956</u>	<u>99,153</u>
Total assets		<u>110,064</u>	<u>105,812</u>
Creditors: amounts falling due within one year			
Trade and other payables	17	(97,609)	(89,384)
Derivative financial instruments	22	(84)	(489)
		<u>(97,693)</u>	<u>(89,873)</u>
Net current assets		<u>6,263</u>	<u>9,280</u>
Total liabilities		<u>(97,693)</u>	<u>(89,873)</u>
Net assets		<u>12,371</u>	<u>15,939</u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account		<u>12,370</u>	<u>15,938</u>
Total shareholders' funds		<u>12,371</u>	<u>15,939</u>

The notes on pages 16 to 32 form part of these financial statements.

The financial statements on pages 13 to 32 were approved by the board of directors and authorised for issue on 16 May 2016.

Signed on behalf of the board.



Paul Hemingway
Director

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Statement of changes in equity Year ended 30 September 2015

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 October 2014	1	15,938	15,939
Loss for the financial year and total comprehensive expense	-	(3,568)	(3,568)
Balance at 30 September 2015	1	12,370	12,371

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Notes to the financial statements

Year ended 30 September 2015

1 General information

The Company is a limited 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. The nature of the Company's operation and its principal activities are set out in the Strategic 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 (IFRS) 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.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 September 2013 the company had undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS101. This transition is not considered to have had a material effect on accounting policies applied in these financial statements, which are consistent with the previous financial year.

The financial statements have been prepared on a going concern basis and under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

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 treatment of Goodwill in the accounts departs from the Companies Act in that carrying values are not amortised. However under FRS101, Goodwill is reviewed for impairment annually and management believes that adoption of the Companies Act requirements would not give a true and fair view, as the Company's sustained investments maintains the carrying value of Goodwill.

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),

Notes to the financial statements (continued)

Year ended 30 September 2015

1 General information (continued)

Basis of preparation (continued)

- 16 (statement of compliance with all IFRS),
 - 38A-B (Detail in respect of minimum comparative information)
 - 38C-D (additional comparative information)
 - 40A-D (requirements for third statement of financial position)
 - Paragraph 79(a)(iv) – (prior period reconciliation of the number of shares outstanding at the beginning and end of the period for each class of shares)
 - 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.
 - 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 financial statements have been prepared on a going concern basis and under the historical cost convention except for revaluation of certain financial instruments, share-based payments and defined benefit pension obligations. The principal accounting policies adopted are set out below.

The Company is reliant on the support of the ultimate parent company, Thomas Cook Group plc. This support has been formally provided and accordingly the directors of the Company have prepared these financial statements on a going concern basis.

The principal accounting policies adopted are set out below:

2 Significant accounting policies

Tangible assets

Tangible assets are 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.

Notes to the financial statements (continued)
Year ended 30 September 2015**2 Significant accounting policies (continued)**

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
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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")

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 revenue.

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.

Notes to the financial statements (continued)

Year ended 30 September 2015

2 Significant accounting policies (continued)

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.

Exceptional Items

Costs incurred in the year which are classified as exceptional in note 12 and on the face of the statement of comprehensive income are those which derive from events or transactions that do not fall within the ordinary activities of the Company and which are individually or in aggregate, of such size or incidence to require specific disclosure.

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 (continued)

Year ended 30 September 2015

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.

Trade and other receivables

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.

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

Judgments have to be made on an individual revenue stream basis as to whether it is most appropriate to recognise revenue at gross cost 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. In addition, judgements have to be made on an individual revenue stream basis as to whether it is most appropriate to recognise revenue at gross cost to the consumer or on a net commission receivable basis.

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.

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Notes to the financial statements (continued)

Year ended 30 September 2015

2 Significant accounting policies (continued)

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:

	2015 £'000	2014 £'000
Commission earned on the sale of overseas holiday accommodation and other services	7,167	22,729

The Company has only one principal activity, which is the supply of leisure travel services. All results relate to this activity and originate in the United Kingdom.

4 Operating expenses

	2015 £'000	2014 £'000
Administrative expenses	(7,812)	(14,981)
Sales and marketing costs	(1,566)	(3,555)
Exceptional costs (see note 12)	(3,947)	(8,713)
	<u>(13,325)</u>	<u>(27,249)</u>

5 Other gains/ (loss)- net

	2015 £'000	2014 £'000
Foreign Exchange forward contracts	1,041	(487)
Investments dissolved during the year	-	(4)
	<u>1,041</u>	<u>(491)</u>

6

Loss on ordinary activities before taxation

	2015 £'000	2014 £'000
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment – owned assets	(144)	(93)
Amortisation of intangibles	(695)	(1,111)
Operating lease rentals - equipment	(15)	(23)
Staff costs (note 7)	(1,612)	(2,872)
Auditors' remuneration for audit services	<u>(30)</u>	<u>(30)</u>

Notes to the financial statements (continued)
Year ended 30 September 2015**7 Staff costs**

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

	2015	2014
	Number	Number
Administration	69	115
	<u>69</u>	<u>115</u>

Their aggregate remuneration comprised:

	2015	2014
	£'000	£'000
Wages and salaries	(1,402)	(2,519)
Social security costs	(177)	(303)
Other pension costs (note 21)	(33)	(50)
	<u>(1,612)</u>	<u>(2,872)</u>

8 Interest receivable and similar income

	2015	2014
	£'000	£'000
Bank interest receivable	<u>18</u>	<u>57</u>

9 Interest payable and similar charges

	2015	2014
	£'000	£'000
Bank interest paid	<u>(51)</u>	<u>(8)</u>

10 Dividends

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

Notes to the financial statements (continued)
Year ended 30 September 2015**11 Tax on loss on ordinary activities**

Analysis of tax credit in the year	2015 £'000	2014 £'000
Current taxation:		
UK corporation tax charge/(credit) for the period	-	-
Total current tax	-	-
Deferred taxation:		
UK - movement in current year	(1,661)	(470)
- movement in prior year	79	-
Tax credit	(1,582)	(470)

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 credit for the year can be reconciled to the profit per the income statement as follows:

	2015 £'000	2014 £'000
Loss before tax	(5,150)	(4,962)
Loss before tax multiplied by the current tax rate of 20.5% (2014: 22%)	(1,056)	(1,092)
Effects of:		
Adjustments to tax in respect of prior years	79	-
Expenses not deductible for tax purposes	10	2
Depreciation not in deferred tax	16	3
Deferred tax effect of reduction in the main rate of Corporation Tax	44	43
Deferred tax not previously recognised	(1,102)	(173)
Group relief for nil consideration	427	747
Tax credit for the period	(1,582)	(470)

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. Further reductions in the main rate of Corporation Tax in the UK to 19% from 1st April 2017 and 18% from 1st April 2020 were substantively enacted on 26 October 2015. The changes have not been substantially enacted at the balance sheet date and therefore are not recognised in these financial statements. The effect of these substantively enacted rates if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset (which has been calculated based on the rate of 20% substantively enacted at the balance sheet date) by approximately £208,000.

Notes to the financial statements (continued)
Year ended 30 September 2015**12 Exceptional Items**

There are exceptional costs relating to the year ended 30 September 2015 of £3,947k (2014: £8,713k) related to:

	2015	2014
	£'000	£'000
TOMS VAT Adjustment FY14	(2,556)	-
Software, Furniture & Equipment written off	(1,391)	-
Balance Sheet write offs	-	(7,774)
Transformation	-	(815)
Legal	-	(124)
	<hr/> (3,947) <hr/>	<hr/> (8,713) <hr/>

Exceptional costs of £3,947k include the cost of software written off due to obsolescence and furniture and equipment written off due to refurbishment of the Egham premises. Also included in the exceptional items is the provision for VAT assessed under the Tour Operator Margin Scheme principle for FY14. Exceptional items in 2014 related to the cost of transformation and costs associated with a one-off balance sheet review.

13 Tangible assets

	Plant and machinery £'000
Cost	
At 1 October 2014	1,246
Additions	1,167
Disposals	(949)
At 30 September 2015	<hr/> 1,464 <hr/>
Accumulated depreciation	
At 1 October 2014	1,003
Disposals	(905)
Charge for the year	144
30 September 2015	<hr/> 242 <hr/>
Carrying amount	
At 30 September 2015	<hr/> 1,222 <hr/>
At 30 September 2014	<hr/> 243 <hr/>

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Notes to the financial statements (continued)

Year ended 30 September 2015

14 Intangible assets

	Computer software	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 October 2014	7,460	3,145	10,605
Additions	703	-	703
Disposals	(4,620)	-	(4,620)
At 30 September 2015	3,543	3,145	6,688
Accumulated amortisation and Impairment			
At 1 October 2014	4,189	-	4,189
Disposal	(3,082)	-	(3,082)
Charge for the year	695	-	695
At 30 September 2015	1,802	-	1,802
Carrying amount			
At 30 September 2015	1,741	3,145	4,886
At 30 September 2014	3,271	3,145	6,416

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Notes to the financial statements (continued)

Year ended 30 September 2015

14 Intangible Assets (continued)

In accordance with accounting standards, the Group (including Hotels4u.com Limited) annually tests the carrying value of goodwill for impairment. At 30 September 2015, 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 12 % (2014: 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 (2014: £nil).

15 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade debtors	61,547	43,125
Deferred TTV	(56,673)	(54,680)
Deposits & Other Debtors	3,079	6,754
Amounts due from group undertakings	88,564	24,053
	<u>96,517</u>	<u>19,252</u>

16 Cash at bank and in hand

	2015 £'000	2014 £'000
Cash at bank and in hand	<u>4,712</u>	<u>79,392</u>

17 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Current liabilities		
Trade payables	(127,067)	(121,161)
Deferred Cost of Sales (TTV)	52,684	51,501
Other taxation and social security	(3,365)	(69)
Other amounts due to Group undertakings	(7,427)	(15,757)
Accruals and deferred income	(12,434)	(3,898)
	<u>(97,609)</u>	<u>(89,384)</u>

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Notes to the financial statements (continued)

Year ended 30 September 2015

18 Deferred tax

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. The offset amounts are as follows:

	2015	2014
	£'000	£'000
Deferred tax assets	2,346	621
Deferred tax liabilities	(294)	(151)
	<hr/>	<hr/>
Deferred tax assets (net)	2,052	470
	<hr/>	<hr/>

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

	2015	2014
	£'000	£'000
Beginning of period	470	-
Income statement (charge)/credit	1,582	470
	<hr/>	<hr/>
End of period	2,052	470
	<hr/>	<hr/>

Movements on the deferred taxation assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

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Notes to the financial statements (continued)

Year ended 30 September 2015

Deferred tax Liabilities

	Fair Value Gains £'000	Other £'000	Total £'000
At 1st October 2013	(8)	(129)	(137)
(Charged)/credited to the income statement	8	(22)	(14)
At 30th September 2014	-	(151)	(151)
(Charged)/credited to the income statement	(118)	(25)	(143)
At 30th September 2015	(118)	(176)	(294)

Deferred tax assets

	Accelerated tax depreciation £'000	Tax Losses £'000	Fair Value Gains £'000	Other £'000	Total £'000
At 1st October 2013	-	137	-	-	137
(Charged)/credited to the income statement	529	(137)	92	-	484
At 30th September 2014	529	-	92	-	621
(Charged)/credited to the income statement	(529)	2,258	(92)	88	1,725
At 30th September 2015	-	2,258	-	88	2,346

At the balance sheet date, the company had unused tax losses of £12,681k (2014: nil) and other short term timing differences of £4,836k (2014: £3,093k) available for offset against future profits. In addition, the company had short term timing differences of £1,471k (2014: £754k) that will be chargeable in later periods. No deferred tax asset has been recognised in respect of unused tax losses of £1,389k (2014: nil) and short term timing differences of £4,397k (2014: nil) due to the unpredictability of future profits.

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Notes to the financial statements (continued)

Year ended 30 September 2015

19 Called up share capital

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

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

20 Operating lease arrangements

The company as a lessee

	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised in statement of comprehensive income for the year	<u>(408)</u>	<u>(8)</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:

	2015 £'000	2014 £'000
Within one year	432	10
Within 2 to 5 Years	<u>1,727</u>	<u>1</u>
	<u>2,159</u>	<u>11</u>

Operating leases rentals above are in respect of equipment rentals and leasehold of the building.

21 Retirement benefit schemes

The company operates a money purchase scheme for the benefit of qualifying employees. The pension costs for the year amounted to £33,384 (2014: £50,375).

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Notes to the financial statements (continued)

Year ended 30 September 2015

22 Financial instruments

Carrying values of financial assets and liabilities

The carrying values of the Company's financial assets and liabilities as at 30 September 2015 and 30 September 2014 are as set out below.

	Held for trading	Loans and receivables	Financial liabilities at amortised cost	Total
At 30 September 2015	£'000	£'000	£'000	£'000
Trade and other receivables	-	96,517	-	96,517
Cash and cash equivalents	-	4,712	-	4,712
Trade and other payables	-	-	(97,609)	(97,609)
Derivative financial instruments	591	-	-	591
	591	101,229	(97,609)	4,211

	Held for trading	Loans and receivables	Financial liabilities at amortised cost	Total
At 30 September 2014	£'000	£'000	£'000	£'000
Trade and other receivables	-	19,776	-	19,776
Cash and cash equivalents	-	79,392	-	79,392
Trade and other payables	-	-	(88,606)	(88,606)
Derivative financial instruments	(450)	-	-	(450)
	(450)	99,168	(88,606)	10,112

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Notes to the financial statements (continued)

Year ended 30 September 2015

22 Financial instruments (continued)

Derivative financial instruments

The fair values of derivative instruments as at 30 September 2015:

	Currency contracts £'000	
At 1 October 2014		(450)
Movement in fair value during the year		1,041
At 30 September 2015		591
	2015 £'000	2014 £'000
Current assets	675	39
Current liabilities	(84)	(489)
	591	(450)

Fair value hierarchy

The fair values 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 2015 are set out below

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities				
Currency contracts	-	591	-	591
At 30 September 2015	-	591	-	591

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. Notional internal contracts are entered into with Thomas Cook Group Treasury Limited. These internal 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 income statement.

Currency hedges are entered into between 12 to 24 months in advance of a tourist season and denominated in the underlying exposure currencies.

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.

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Notes to the financial statements (continued)

Year ended 30 September 2015

23 Directors' remuneration

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*. The directors are not paid by H4U for their services.

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".

24 Ultimate controlling party

The Company is a subsidiary of Thomas Cook Retail 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 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.

25 Subsequent Events

On 19th November 2015 the consumer-facing B2C website Hotels4u.com was shut down and traffic redirected to Thomascook.com. This has had no material impact on the carrying value of the assets of the Company.