

Hotels4u.com Limited
Annual report and financial statements
for the year ended 30 September 2017

Registered number 04649696

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Hotels4u.com Limited

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Hotels4u.com Limited

Strategic report

The directors present their Strategic report on the affairs of Hotels4u.com Limited ('the Company'), together with the audited financial statements for the year ended 30 September 2017.

Business review and activities

The Company is a wholly owned subsidiary of Thomas Cook Group plc ('the Group'; 'Thomas Cook') a Company which is listed on the London Stock Exchange.

On 1 August 2016 the Company transferred the trade and assets of its Business to Business (B2B) operation to Thomas Cook International AG (TCI), another group company. This included a number of fixed assets and key trading relationships with a number of key customers. Following the transfer of trade to TCI, the legacy business is no longer accepting new business and the wind down of operations has been carried out and will continue in the coming financial year. Thomas Cook Group UK Limited has confirmed that sufficient support will be provided to the Company during the coming financial year to allow the Company to meet its obligations as they fall due.

The results for the Company show a profit on ordinary activities before taxation of £7,237k (2016: restated £33,188k) and revenue of £81k (2016: restated £3,817k) for the financial year. At the balance sheet date, the Company had net assets of £26,947k (2016: restated £18,924k).

The financial statements show a profit from operations before exceptional items of £1,291k (2016: restated loss from operations before exceptional items of £6,744k). During the financial year exceptional items totalled a net gain of £5,860k (2016: restated £40,039k) relating to the tour operator margin scheme (TOMS) VAT adjustments and loss on disposal of tangible assets.

Principal risks and uncertainties

The Group, of which the Company is a component, has identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities of the Group. For further information on the potential impact of these risks and how they are mitigated by the Group, please refer to pages 54-59 of the Group's annual report. There are no specific risks or uncertainties that could potentially damage the Company directly.

Financial risk management

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

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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 other receivables and amounts due from other Group undertakings. 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 credit risk is concentrated over two affiliates within the group.

Hotels4u.com Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Counterparty credit risk

The Company is exposed to credit risk in relation to amounts due from other Group undertakings. 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.

Key performance indicators ('KPIs')

The directors of the Group 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 32 of the Group's annual report which does not form part of this report.

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



S Bradley
Representing Thomas Cook Group Management Services Limited
16 August 2018

Registered office
Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FZ

Hotels4u.com Limited

Directors' report

The directors present their report on the affairs of the Company, together with the audited financial statements. This report covers the year ended 30 September 2017. The future development of the Company and its' management of financial risks are stated in the Strategic report set out on pages 1-2.

Dividends

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2017 (2016: £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:

P A Hemingway
Thomas Cook Group Management Services Limited

Company secretary

Shirley Bradley

Directors' indemnities

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

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;
- 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.

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 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

Pricewaterhouse Coopers LLP resigned as auditor of the Company with effect from 16 March 2017 and Ernst & Young LLP were appointed auditor for the financial year ended 30 September 2017. Ernst & Young LLP have agreed to continue in office as auditor of the Company.

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



S Bradley
Representing Thomas Cook Group Management Services Limited
10 August 2018

Registered office

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FZ

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

Opinion

We have audited the financial statements of Hotels4u.com Limited for the year ended 30 September 2017 which comprise the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Future Travel Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



Colin Brown
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

13 August 2018

Hotels4u.com Limited

Registered number 04649696

**Statement of comprehensive income
For the year ended 30 September 2017**

		Year ended 30 September 2017 £'000	Restated Year ended 30 September 2016 £'000
Total transaction value (TTV)		-	142,198
Revenue	3	81	3,817
Operating income/(expenses) – net	4	7,584	28,087
Other (losses)/gains	5	(514)	1,391
Profit from operations		7,151	33,295
Analysed between:			
Profit/(Loss) from operations before exceptional items		1,291	(6,744)
Exceptional items	11	5,860	40,039
Interest receivable and similar income	8	102	21
Interest payable and similar charges	9	(16)	(128)
Profit on ordinary activities before taxation		7,237	33,188
Tax (credit)/charge on ordinary activities	10	786	(2,837)
Profit and total comprehensive income for the financial year		8,023	30,351

All of the revenues and results arose from discontinuing operations. On 1 August 2016 the Company transferred the trade and assets of its Business to Business (B2B) operation to Thomas Cook International AG (TCI), another group company.

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

Hotels4u.com Limited

Registered number 04649696

Balance sheet

As at 30 September 2017

	Note	30 September 2017 £'000	Restated 30 September 2016 £'000
Non-current assets			
Tangible assets	12	-	-
Intangible assets	13	-	-
		-	-
Current assets			
Trade and other receivables	14	53,062	90,314
Derivative financial instruments	22	-	514
Cash at bank and in hand	15	538	23,957
		53,600	114,785
Creditors: amounts falling due within one year			
Trade and other payables	16	(26,405)	(93,947)
Deferred taxation	17	-	(785)
Provisions for other liabilities and charges	18	(248)	(1,129)
		(26,653)	(95,861)
Net assets		26,947	18,924
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account		26,946	18,923
Total shareholders' funds		26,947	18,924

The notes on pages 10 to 22 form part of these financial statements.

The financial statements on pages 7 to 22 were approved by the Board of Directors on ¹⁰August 2018 and signed on its behalf by



S Bradley
Representing Thomas Cook Group Management Services Limited
Date: ¹⁰August 2018

Hotels4u.com Limited

Registered number 04649696

**Statement of changes in equity
For the year ended 30 September 2017**

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 October 2015	1	12,370	12,371
Prior year restatement	-	(23,798)	(23,798)
Restated balance at 1 October 2015	1	(11,428)	(11,427)
Profit for the financial year and total comprehensive income	-	35,311	35,311
Prior year restatement	-	(4,960)	(4,960)
Restated balance at 1 October 2016	1	18,923	18,924
Profit for the financial year and total comprehensive income	-	8,023	8,023
Balance at 30 September 2017	1	26,946	26,947

Hotels4u.com Limited

Registered number 04649696

Notes to the financial statements

Year ended 30 September 2017

1 General information

Hotels4u.com Limited ('the Company') is a private company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, Cambridgeshire PE2 6FZ. 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, ('The Group'; 'Thomas Cook') 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.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

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 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)
 - 16 (statement of compliance with all IFRS),
 - 38A-B (Detail in respect of minimum comparative information)
 - 38C-D (additional comparative information)
 - 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)
 - 134 – 136 (capital management disclosures)
 - 39 (Detail in respect of minimum comparative information, including prior year opening balance Sheet)
 - 40 (Detail in respect of narrative information)
- 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)

Notes to the financial statements (continued)

Year ended 30 September 2017

1 General information (continued)

Basis of preparation (continued)

- The requirements in IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.
- Paragraph 73(e) of IAS 16, ‘Property, plant and equipment’ (a reconciliation showing the carrying amounts of property, plant and equipment at the beginning and end of the period need not be presented for prior periods)
- Paragraph 118(e) of IAS 38, ‘Intangible assets’ (a reconciliation showing the carrying amounts of intangible assets at the beginning and end of the period need not be presented for prior periods)
- 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 the Group. The consolidated financial statements of the Group are available to the public and can be obtained as set out in note 24.

The financial statements have been prepared on a going concern basis and under the historical cost convention except for revaluation of certain financial instruments. 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.

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

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2016 have had a material impact on the amounts reported or the disclosure and presentation in these financial statements.

Notes to the financial statements (continued)

Year ended 30 September 2017

2 Significant accounting policies

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

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.

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:

Furniture, fittings and equipment	10 years
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The residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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	3 – 10 years
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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.

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

Revenue represents sublet income. Revenue from operating leases are recognised in comprehensive income on a straight-line basis over the lease term. Rent free period incentives are recognised on a straight-line basis over the lease term.

Notes to the financial statements (continued)

Year ended 30 September 2017

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

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are substantively enacted at the balance sheet date.

Deferred tax is recognised on all temporary differences arising from differences between the carrying amount of an asset or liability and its tax base, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting or taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax losses or credits carried forward can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date.

Exceptional items

Costs incurred in the year which are classified as exceptional in note 11 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.

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.

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.

Notes to the financial statements (continued)

Year ended 30 September 2017

2 Significant accounting policies (continued)

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 'other operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the Statement of comprehensive income.

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.

Key accounting estimates and judgements

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.

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:

Recoverable amounts of deposits and prepayments

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. 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.

Recoverable amounts of other debtors

Judgement is required in determining the recoverable amount of the receivable due from the Tour Operator Margin Scheme (TOMS) which is included within other debtors. The judgement centres around the conclusions handed down by HMRC in other related cases, the period over which the VAT recovery for overpayment is being sought by the Company and the specific services and associated contracts for which the claim incorporates. This amount will be determined following conclusion of HMRC's legal challenge which is currently on-going.

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.

Hotels4u.com Limited

Registered number 04649696

Notes to the financial statements (continued)

Year ended 30 September 2017

2 Significant accounting policies (continued)

Restatement of prior year balances

There has been a restatement of prior year retained earnings of £28,758k. This restatement included group relief charges relating to prior years of £23,798k. This restatement also included prior year understatement of accrued costs totalling £1,049k (note 16) in relation to the wind down of the Company's trade which was transferred to Thomas Cook International AG, another Group company, on 1 August 2016. This restatement also included £3,911k which was in relation to the derivative financial instruments that were also transferred. There has also been a reclassification of the net foreign exchange loss from revenue (note 3) to operating income/(expenses) (note 4) of £1,676k, this has not affected the retained earnings. There has also been a reclassification of a bad debt write off totalling £2,886k from exceptional items to loss from operations before exceptional items. The errors have been corrected by restating each of the financial statement line items for the period as follows:

	2016	Adjustments	2016 Restated
	£'000	£'000	£'000
Derivative financial instruments	4,425	(3,911)	514
Accruals and deferred income	(1,028)	(1,049)	(2,077)
Amounts due to Group undertakings	(36,023)	(23,798)	(59,821)
Trade and other payables	(69,100)	(24,847)	(93,947)
Profit and loss account	47,681	(28,758)	18,923
Revenue	2,141	1,676	3,817
Operating income/(expenses) – net	32,280	(4,193)	28,087
Other gains/(losses) - net	3,834	(2,443)	1,391
Profit/(Loss) from operations before exceptional items	(366)	(6,378)	(6,744)
Exceptional items	38,621	1,418	40,039

3 Revenue

An analysis of the Company's revenue is as follows:

	2017	Restated 2016
	£'000	£'000
Property income	81	800
Commission earned on the sale of overseas holiday accommodation and other services	-	3,017
	<u>81</u>	<u>3,817</u>

All results relate to the supplies originating in the United Kingdom.

4 Operating income/(expenses) - net

	2017	Restated 2016
	£'000	£'000
Administrative income/(expenses) - net	7,713	28,087
	<u>7,713</u>	<u>28,087</u>

Hotels4u.com Limited

Registered number 04649696

Notes to the financial statements (continued)
Year ended 30 September 2017**5 Other (losses)/gains**

	2017 £'000	Restated 2016 £'000
Movements in the fair value of foreign exchange forward contracts	(514)	1,391
	<u>(514)</u>	<u>1,391</u>

6 Profit on ordinary activities before taxation

	2017 £'000	2016 £'000
Profit before taxation has been arrived at after crediting/(charging):		
Net foreign exchange gains / (losses)	672	(1,676)
Depreciation of property, plant and equipment – owned assets	(2)	(239)
Impairment of property, plant and equipment – owned assets	-	(998)
Amortisation of intangibles	-	(526)
Impairment of intangibles	-	(3,145)
Operating lease rentals – equipment	-	(17)
Staff costs (note 7)	-	(1,245)
Auditors' remuneration for audit services	(12)	(42)
	<u>(12)</u>	<u>(42)</u>

7 Staff costs

The average monthly number of employees was:

	2017 Number	2016 Number
Administration	-	37

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	-	(1,046)
Social security costs	-	(157)
Other pension costs (note 21)	-	(42)
	<u>-</u>	<u>(1,245)</u>

8 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest receivable	9	21
Interest receivable from group companies	93	-
	<u>102</u>	<u>21</u>

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Notes to the financial statements (continued)

Year ended 30 September 2017

9 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank interest paid	(16)	(128)

10 Tax on profit on ordinary activities

Analysis of tax (credit)/charge in the year	2017 £'000	Restated 2016 £'000
Current taxation:		
UK corporation tax adjustment in respect of prior years	(1)	-
Deferred taxation:		
UK - movement in current year	(20)	2,837
- movement in prior year	(765)	-
Tax (credit) / charge	(786)	2,837

Corporation tax is calculated at 19.5% (2016: 20%) of the estimated assessable profit for the period. This is the weighted average tax rate for the period following a reduction in the standard rate of UK Corporation Tax from 20% to 19% effective from 1 April 2017.

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

	2017 £'000	Restated 2016 £'000
Profit before tax	7,237	33,188
Profit before tax multiplied by the current tax rate of 19.5% (2016: 20%)	1,411	6,638
Effects of:		
Adjustments to tax in respect of prior years	(766)	-
Expenses not deductible for tax purposes	-	168
Depreciation not in deferred tax	-	219
Deferred tax effect of reduction in the main rate of Corporation Tax	-	(20)
Current year deferred tax not recognised	6	-
Derecognition of deferred tax previously recognised	78	-
Utilisation of tax losses	-	(1,174)
Group relief for nil consideration	(1,515)	(2,994)
Tax (credit) / charge for the period	(786)	2,837

In addition to the reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017), a further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated based on the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Finance (No. 2) Act 2017 was substantively enacted on 31 October 2017 and included legislation to amend the rules relating to the utilisation of brought forward losses and the deductibility of interest for corporation tax purposes. These new rules apply retrospectively from 1 April 2017. With substantive enactment taking place after the balance sheet date, the accounting standards do not require the impact of these rules to be accounted for until the period ended 30 September 2018. Due to the complexity of the legislation it is too soon to quantify the effect of the new rules if they had been applied at the balance sheet date.

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Notes to the financial statements (continued) Year ended 30 September 2017

11 Exceptional Items

There are net exceptional gains relating to the year ended 30 September 2017 of £5,860k (2016: £38,621k) relating to:

	2017 £'000	Restated 2016 £'000
Tour Operator Margin Scheme (TOMS) VAT Adjustments	5,890	12,400
Gains on disposal	-	30,215
Other transformation costs	-	(449)
Onerous lease provision	-	(1,129)
Impairment of tangible assets	-	(998)
Bad debt write off	-	(2,886)
Loss on disposal of tangible assets	(30)	-
	<u>5,860</u>	<u>37,153</u>

Included in exceptional items during the year is a VAT adjustment for the Tour Operator Margin Scheme (TOMS) totalling £5,890k (2016: £12,400) which relates to the release of a VAT payment received from HMRC in 2014 in relation to the provisional settlement of an on-going legal case. This payment had previously not been recognised due to HMRC's continued legal challenge.

12 Tangible assets

	Furniture, fittings and equipment £'000
Cost	
At 1 October 2016	-
Additions	26
Disposals	(26)
At 30 September 2017	<u>-</u>
Accumulated depreciation and impairment	
At 1 October 2016	-
Disposals	2
Deprecation charge for the year	(2)
At 30 September 2017	<u>-</u>
Carrying amount	
At 30 September 2017	<u>-</u>
At 30 September 2016	<u>-</u>

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Notes to the financial statements (continued) Year ended 30 September 2017

13 Intangible assets

	Computer software £'000
Cost	
At 1 October 2016	-
Additions	6
Disposals	(6)
At 30 September 2017	-
Accumulated depreciation and impairment	
At 30 September 2017 and 30 September 2017	-
Carrying amount	
At 30 September 2017	-
At 30 September 2016	-

14 Trade and other receivables

	2017 £'000	2016 £'000
Amounts falling due within one year		
Trade debtors	-	1,598
Deposits and other debtors	9,206	6,626
Amounts due from Group undertakings	43,856	82,090
	<u>53,062</u>	<u>90,314</u>

Amounts owed from Group undertakings are unsecured, repayable on demand and interest free.

15 Cash at bank and in hand

	2017 £'000	2016 £'000
Cash at bank and in hand	<u>538</u>	<u>23,957</u>

16 Trade and other payables

	2017 £'000	Restated 2016 £'000
Current liabilities		
Trade payables	-	(30,734)
Other taxation and social security	(884)	(1,315)
Other amounts due to Group undertakings	(25,504)	(59,821)
Accruals and deferred income	(17)	(2,077)
	<u>(26,405)</u>	<u>(93,947)</u>

Amounts owed to Group undertakings are unsecured, payable on demand and interest free.

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Notes to the financial statements (continued) Year ended 30 September 2017

17 Deferred tax

No deferred tax assets have been offset against deferred tax liabilities. 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:

	2017 £'000	2016 £'000
Deferred tax assets	-	78
Deferred tax liabilities	-	(863)
Deferred tax (liabilities) -net	-	(785)

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

	2017 £'000	2016 £'000
At 1 October	(785)	2,052
Income statement credit/(charge)	785	(2,837)
At 30 September	-	(785)

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

Deferred tax liabilities

	Fair Value Gain £'000	Other £'000	Total £'000
At 1 October 2015	(118)	(176)	(294)
(Charged)/credited to the income statement	(745)	176	(569)
At 30 September 2016	(863)	-	(863)
Credited/(charged) to the income statement	863	-	863
At 30 September 2017	-	-	-

Deferred tax assets

	Tax Losses £'000	Other £'000	Total £'000
At 1 October 2015	2,258	88	2,346
(Charged)/credited to the income statement	(2,258)	(10)	(2,268)
At 30 September 2016	-	78	78
(Charged)/credited to the income statement	-	(78)	(78)
At 30 September 2017	-	-	-

At the balance sheet date, the Company had deductible short term temporary differences of £0.4 million (2016: £0.4 million) available for offset against future profits. In addition, the Company had short term temporary differences of £0.4 million (2016: £0.4 million) that will be chargeable in later periods. No deferred tax asset has been recognised in respect of deductible short term temporary differences of £0.4 million (2016: £4.4million).

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Notes to the financial statements (continued)

Year ended 30 September 2017

18 Provisions for other liabilities and charges due within one year

	Onerous Contracts £'000	Other £'000	Total £'000
At 1 October 2016	(1,129)	-	(1,129)
Additional provisions in the year	-	(248)	(248)
Provisions utilised	1,129	-	1,129
At 30 September 2017	-	(248)	(248)

Other provisions relate to amounts payable to a third-party following conclusion of HMRC's legal challenge regarding the Tour Operator Margin Scheme (TOMS).

19 Called up share capital

	2017 £'000	2016 £'000
Authorised:		
1,000 (2016: 1,000) ordinary shares of £1 each	1	1
Allotted, issued and fully paid:		
1,000 (2016: 1,000) ordinary shares of £1 each	1	1

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

20 Operating lease arrangements

The Company as a lessee

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:

	2017 £'000	2016 £'000
Within one year	-	15
	-	15

Operating leases rentals for the previous financial year are in respect of equipment rentals.

21 Retirement benefit schemes

During the previous year the Company operated a money purchase scheme for the benefit of qualifying employees. The pension costs for the previous financial year amounted to £42k.

Notes to the financial statements (continued)
Year ended 30 September 2017**22 Financial instruments**

The fair values of derivative instruments as at 30 September 2017:

	Currency contracts £'000
Restated at 1 October 2016	514
Movement in fair value during the year	(514)
At 30 September 2017	-

Derivative financial assets

	2017 £'000	Restated 2016 £'000
Amounts falling due within one year	-	514

The Company used derivative instruments to hedge against significant future transactions and cash flows denominated in foreign currencies. The Company entered 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 statement of comprehensive income.

Currency hedges were entered into between 12 to 24 months in advance of a tourist season and denominated in the underlying exposure currencies. The Company undertook hedging transactions to mitigate the risk of unfavourable changes in the prices. Due to the transfer of the Company's trade and assets it is no longer deemed necessary to mitigate the risk of unfavourable changes in 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.

23 Directors' remuneration

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

No (2016: nil) directors are included in the final salary scheme for 2017. No gains were made by directors on the exercise of share options.

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.