Sandbrook UK Investments Limited

Annual report and financial statements

for the year ended 30 September 2011

Registered number 6304749

Sandbrook UK Investments Limited

Contents

Sandbrook UK Investments Limited

Directors' report

The dırectors present theır annual report on the affaırs of the Company, together wıth the financıal statements and audıtors' report for the year endıng 30 September 2011

Business review & principal activities

The prıncıpal actıvıty of the Company ıs that of an ınvestment holdıng company The Company made a loss before tax for the year of €459 3m (2010 loss of €43 3m)), thıs ıs maınly due to an ımpaırment charge recognısed ın the perıod agaınst the Company's ınvestment ın Thomas Cook UK Ltd

The dırectors consıder that the financıal posıtıon of the Company at the end of the year was satısfactory The dırectors are not aware at the date of thıs report of any lıkely major changes ın the Company's actıvıtıes ın the next year

For further ınformatıon on the Group's busıness revıew and prıncıpal actıvıtıes please refer to the Thomas Cook Group Plc annual report and accounts 2011

Prıncıpal rısks and uncertaıntıes

The prıncıpal area of rısk or uncertaınty relates to the estımatıon of tax lıabılıtıes It can take several years for tax lıabılıtıes to be agreed wıth the relevant authorıtıes and therefore tax lıabılıtıes represent management's estımates of tax that wıll be payable ın the future

Key performance indıcators

As the Company ıs not actıvely tradıng, the dırectors are of the opınıon that an analysıs usıng key performance ındıcators ıs not necessary for an understandıng of the development, performance or posıtıon of the busıness

Envıronment and employees

As the Company ıs not actıvely tradıng and has no dırect employees, the dırectors do not consıder ıt necessary to report on envıronmental or employment polıcıes

Financial risk management

The company's financıal rısk management ıs detaıled wıth ın note 9

Dıvıdends

The dırectors do not recommend the payment of an ordınary dıvıdend for year endıng 30 September 2011 (2010 nıl)

Dırectors

The dırectors, who served throughout the year, were as follows

C J Gadsby (Resıgned 5th July 2011)
M L MacMahon (Appoınted 5th July 2011)
Thomas Cook Group Management Servıces Lımıted

Company Secretary

S Bradley

Directors' report (continued)

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office The Company has elected not to re-appoint auditors annually Therefore the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed for the next financial year

In the case of each of the persons who are directors of the Company at the date when this report was approved

- so far as each of the directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and

- each of the directors have taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This statement is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Statement of directors' responsibilities

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

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

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

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

On behalf of the Board,

S Bradley
Secretary
8 August 2012

Sandbrook UK Investments Limited

Independent auditors' report to the members of Sandbrook UK Investments Limited

We have audited the financial statements of Sandbrook UK Investments Limited for the year ended 30 September 2011 which comprise of the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 August 2012

Sandbrook UK Investments Limited

Income statement

For the year ended 30 September 2011

	Notes	Year ended 30 September 2011 €m	Year ended 30 September 2010 €m
Impairment (loss)/gain	6	(394.4)	22 0
Foreign exchange loss		(0.1)	(0 5)
(Loss)/profit from operations		**(394.5)**	**21.5**
Finance expense	4	(64 8)	(64 8)
Loss before tax		**(459.3)**	**(43.3)**
Tax expense	5	(20 0)	-
Loss for the year		**(479.3)**	**(43.3)**

The result for the year is wholly attributable to the continuing operations of the Company

Sandbrook UK Investments Limited
Statement of comprehensive income
For the year ended 30 September 2011

	Year ended 30 September 2011 €m	Year ended 30 September 2010 €m
Loss for the year	(479 3)	(43 3)
Total comprehensive expense for the year	**(479.3)**	**(43.3)**
Attributable to Equity shareholders	**(479.3)**	**(43.3)**

There is no other comprehensive income for the year

Sandbrook UK Investments Limited

Registered number 6304749

Balance sheet as at 30 September 2011

	Notes	30 September 2011 €m	30 September 2010 €m
Non-current assets			
Investment in subsidiaries	6	609 8	988 7
Current assets			
Trade and other receivables	7	15 4	35 4
Total assets		625 2	1,024 1
Current liabilities			
Trade and other payables	8	(1,405 1)	(1,324 7)
Total liabilities		(1,405 1)	(1,324 7)
Net liabilities		(779 9)	(300 6)
Equity			
Called-up share capital	10	0 1	0 1
Retained earnings		(780 0)	(300 7)
Total equity		(779 9)	(300 6)

These financial statements were approved by the Board of Directors on 8th August 2012

Signed on behalf of the Board,

S Bradley

S Bradley, representing
Thomas Cook Group Management Services Limited
Director

8th August 2012

Notes 1 to 13 form part of these financial statements

Sandbrook UK Investments Limited
Statement of changes in equity
For the year ended 30 September 2011

	Share capital €m	Retained earnings €m	Total €m
At 30 September 2009	0 1	(257 4)	(257 3)
Total comprehensive expense	-	(43 3)	(43 3)
At 30 September 2010	0 1	(300 7)	(300 6)
Total comprehensive expense	-	(479 3)	(479 3)
At 30 September 2011	0 1	(780 0)	(779 9)

Notes to the financial statements for the year ended 30 September 2011

1. General information

Sandbrook UK Investments Limited is a company incorporated in England and Wales under the Companies Act 2006 The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB The nature of the Company's operations and its principal activities are set out in the Directors' report These financial statements are presented in Euro 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 and filed with the Registrar of Companies The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006

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

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

IFRS2 Amendment "Share-based payments" is effective for annual reporting periods commencing on or after 1 January 2010 This amendment clarifies the scope and accounting for group cash-settled share-based payments

IAS 1 Revised – 'Presentation of Financial Statements' is effective for annual reporting periods commencing on or after 1 January 2010 The amendments require a number of presentational changes, including the introduction of a statement of comprehensive income and the requirement to present a statement of changes in equity as a primary statement The statement of comprehensive income represents all items of recognised income and expense in either one statement or two linked statements Management has elected to present two statements

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

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

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

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

Management does not anticipate that the adoption of these new or amended standards and interpretations will have a material impact on the Company

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

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

IFRS 9 "Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2013 The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets

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

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

1. General information (continued)

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

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

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

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

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

2. Significant accounting policies

Basis of preparation

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

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

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

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

Investments

Investments in subsidiaries undertakings are shown at cost less provision for impairment

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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

This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdiction and for the year 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.

Foreign currency

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate on 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 taken through the income statement

2. Significant accounting policies (continued.

Trade and other receivables

Trade and other receivables are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts An allowance for irrecoverable amounts 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 The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows

Trade and other payables

Trade and other payables are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method

Cash flow statement

The company had no cash flows in the current year Its cash flow obligations were settled by fellow group undertakings Accordingly, no separate cash statement has been presented with these financial statements

Share capital

Ordinary shares are classified as equity Mandatorily redeemable preference shares are classified as liabilities

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders

Joint venture

The group's interests in jointly controlled entities are accounted for by proportionate consolidation The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss

3. Administrative expenses

The Company has no employees Administrative expenses of the Company, including audit fees of €500 (2010 €500) and directors' remuneration, were borne by Thomas Cook Group plc, the Company's parent undertaking, during both accounting years with no recharge made as the amounts were minimal

4. Finance expense

	2011 €m	2010 €m
Interest payable on group borrowings	(64 8)	(64 8)
	(64 8)	(64 8)

5. Tax

	Year ended 30 September 2011 €m	Year ended 30 September 2010 €m
UK corporation tax credit for the year comprises		
Current tax		
UK corporation tax credit at 27%(2010 28%) for the current year	-	(18 1)
UK corporation tax adjustment in respect of prior years	20 0	18 1
Current tax charge	20 0	-
The credit for the year can be reconciled to the (loss)/profit per the income statement as follows		
Loss before tax	(459 3)	(43 3)
Expected tax (credit)/ charge at the UK corporation tax rate of 27% (2010 28%)	(124 0)	(12 1)
Expenses not deductible for tax purposes	106 5	-
Adjustments to group relief in respect of prior years'	20 0	18 1
Non taxable income/gains	-	(6 0)
Group relief received for nil consideration	17 5	-
Tax charge for the year	20 0	-

Group relief was charged for in periods ending 30th September 2009 and earlier Group relief is surrendered / received for nil consideration in subsequent periods

At the balance sheet date, the company had unused tax losses of €93 6 million (2010 €65 6 million) available for offset against future profits No deferred tax asset has been recognised in respect of unused tax losses of €93 6 million (2010 €65 6 million) due to the unpredictability of future profits

In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year There is no overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date as no deferred tax asset has been recognised in respect of tax losses and short term timing differences of due to the unpredictability of future profit streams

6. Investments in subsidiaries

	€m
Cost and net book value	
At 30 September 2009	948 8
Acquisition	17 9
Reversal of impairment	22 0
At 30 September 2010	988 7
Acquisition	15 5
Impairment	(394 4)
At 30 September 2011	609 8

During the year the Company subscribed to 800 preference shares in Thomas Cook Investment (1) Ltd for €11 4m (£10 0m) The Company also acquired a further 8 shares of the 36 non-voting shares in Thomas cook Investments (1) Ltd for €4 1m (£3 5m)

During the year, the investment in Thomas Cook UK Limited was impaired due to the deterioration of the economic climate, this has resulted in an impairment recognised in the Statement of comprehensive income of £394 4m

7. Trade and other receivables

	2011 €m	2010 €m
Amounts owed by parent	0 1	0 1
Tax receivable	15 3	35 3
	15 4	35 4

Amounts owed by parent are repayable on demand The average interest on amounts owed by subsidiary undertakings is nil The directors consider the fair value to be equal to the book value

8. Trade and other payables

	2011 €m	2010 €m
Amounts owed to subsidiary undertakings	1,405 1	1,324 7
	1,405 1	1,324 7

Amounts owing to subsidiary undertakings are repayable on demand The average interest on overdue amounts owed to subsidiary undertakings is 5 8% The directors consider the fair value to be equal to the book value

9. Financial risk

The Company's financial instruments comprise amounts due to/from subsidiary undertakings

Interest Risk
The Company is subject to risks arising from interest rate movements in connection with its intercompany loans on which interest is charged based upon LIBOR rates The interest rate risk between group companies is not hedged as the group hedges its external exposure to interest rate risk

Credit Risk
The Company's exposure to credit risk is limited to its loans to other group companies and therefore management does not regard the risk to be high and consequently do not attempt to hedge or restrict this exposure

The market risks that the Company is subject to have been identified as interest rate risk and exchange rate risk The impact of reasonably possible changes in interest rates and exchanges rates on the Company, based on the period end holdings of financial instruments have been calculated and are set out in the table below

	2011		2010	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	€m	€m	€m	€m
5% (2010 5%) increase in interest rates	(3 2)	(2 4)	(3 2)	(2 3)
5% (2010 5%) decrease in interest rates	3 2	2 4	3 2	2 3

	2011		2010	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	€m	€m	€m	€m
5% (2010 5%) strengthening of Euro	1 5	1 1	0 9	0 6
5% (2010 5%) weakening of Euro	(1 5)	(1 1)	(0 9)	(0 6)

Movements of 5% is used for consistency to prior year comparatives and to other financial statements in the Group

Capital risk
The company's objectives when managing capital is to safeguard the company's ability to continue as a going concern

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

The company monitors capital on the basis of net assets and the company's strategy is to maintain a net asset position, the values of which are shown on the balance sheet at 30 September 2011 and 30 September 2010

10. Called-up share capital

	2011	2010
	€m	€m
Allotted, called-up and fully paid		
50,000 ordinary shares of €1 each	0 1	0 1

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2011

11. Related party transactions

	2011 €m	2010 €m
Transactions with fellow subsidiaries:		
Interest expense	(64 8)	(64 8)
Year end balances arising from transactions with fellow subsidiaries:		
Loans payable	(1,151 5)	(1,135 9)
Interest payable	(253 6)	(188 8)
Year end balances arising from transactions with parent:		
Loans receivable	0 1	0 1

12. Ultimate controlling party

The ultimate parent undertaking and controlling party is Thomas Cook Group plc, a company incorporated in England and Wales

Thomas Cook Group plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30th September 2011 The consolidated financial statements of Thomas Cook Group plc are available from its registered office at 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN

13. Principal subsidiaries and associated and joint venture undertakings

	Country of incorporation and operation	Proportion held by company (%)
Direct subsidiaries		
Thomas Cook UK Ltd	England	100
Thomas Cook Investments (1) Ltd	England	100*
Indirect subsidiaries		
Thomas Cook Group Treasury Ltd	England	100
Thomas Cook Lebanon S A L	Lebanon	100
Thomas Cook TV Ltd	England	100
Thomas Cook Overseas Ltd	England	100
Thomas Cook (India) Ltd	India	77 63
TCIM Ltd	England	100
thomascook com Ltd	England	100
Hotels4u com Ltd	England	100
Elegant Resorts Ltd	England	100
Joint Venture		
Thomas Cook Personal Finance Ltd	England	50

*The Company owns 100% of the ordinary shares with voting rights and 44% of the non-voting ordinary shares