

Sandbrook UK Investments Limited

**Annual report and financial statements
for the year ended 30 September 2010**

Registered number 6304749



Sandbrook UK Investments Limited

Contents

	Page
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Income statement	5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

Sandbrook UK Investments Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report for the year ending 30 September 2010

Business review & principal activities

The principal activity of the Company is that of an investment holding company

The Company made a loss for the year of €42.8m (2009 profit of €496.3m)

The directors consider that the financial position of the Company at the end of the year was satisfactory. The directors are not aware at the date of this report of any likely major changes in the Company's activities in the next year.

Principal risks and uncertainties

The principal area of risk or uncertainty relates to the estimation of tax liabilities. It can take several years for tax liabilities to be agreed with the relevant authorities and therefore tax liabilities represent management's estimates of tax that will be payable in the future.

Key performance indicators

As the Company is not actively trading, the directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Environment and employees

As the Company is not actively trading and has no direct employees, the directors do not consider it necessary to report on environmental or employment policies.

Results and dividends

The results for the year are set out on page 5. The directors do not recommend the payment of an ordinary dividend for year ending 30 September 2010.

Directors

The directors, who served throughout the year, were as follows:

C J Gadsby
Thomas Cook Group Management Services Limited

Company Secretary

S Bradley

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 is 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 has taken all the steps that he 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.

Sandbrook UK Investments Limited

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board,



S Bradley
Company Secretary

29 March 2011

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 2010 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.

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 2010 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
29 March 2011

Sandbrook UK Investments Limited

Income statement

For the year ended 30 September 2010

	Notes	Year ended 30 September 2010 €m	Year ended 30 September 2009 €m
Impairment gain	5	22.0	542.8
Foreign exchange loss		(0.5)	-
Profit from operations		21.5	542.8
Interest payable to Group undertakings		(64.8)	(64.6)
(Loss)/profit before tax		(43.3)	478.2
Tax expense	4	-	18.1
(Loss)/profit for the year		(43.3)	496.3

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 2010

	Year ended 30 September 2010 €m	Year ended 30 September 2009 €m
(Loss)/profit for the year	(43.3)	496.3
Total comprehensive (expense)/income for the year	(43.3)	496.3
Attributable to Equity shareholders	(43.3)	496.3

Sandbrook UK Investments Limited

Registered number 6304749

Balance sheet as at 30 September 2010

	Notes	30 September 2010 €m	30 September 2009 €m
Non-current assets			
Investment in subsidiaries	5	988 7	948 8
Current assets			
Trade and other receivables	6	35 4	35 4
Total assets		<u>1,024 1</u>	<u>984 2</u>
Current liabilities			
Trade and other payables	7	(1,324 7)	(1,241 5)
Total liabilities		<u>(1,324 7)</u>	<u>(1,241 5)</u>
Net liabilities		<u>(300 6)</u>	<u>(257 3)</u>
Equity			
Called-up share capital	9	0 1	0 1
Retained earnings		(300 7)	(257 4)
Total equity		<u>(300 6)</u>	<u>(257 3)</u>

These financial statements were approved by the Board of Directors on 29 March 2011

Signed on behalf of the Board,



S Bradley representing
Thomas Cook Group Management Services Limited, Director

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 2010

	Share capital €m	Retained earnings €m	Total €m
At 1 October 2008	0.1	(753.7)	(753.6)
Total comprehensive income	-	496.3	496.3
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)

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

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.

In the current year, the following new or amended standards have been adopted and have affected the amounts reported or the disclosure and presentation in these financial statements:

IAS 1 Revised – '*Presentation of Financial Statements*' is effective for annual reporting periods commencing on or after 1 January 2009. 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.

At the date of authorisation of these financial statements, 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:

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.

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.

2. Significant accounting policies

Basis of preparation

The financial statements are prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union.

The financial statements have been prepared on a going concern basis. The company's ultimate parent, Thomas Cook Group plc, has indicated its continuing commitment and support for Sandbrook UK Investments Limited. The directors of Thomas Cook Group plc intend to make sufficient amounts available to the Company to enable it to meet its liabilities as they fall due and to continue as a going concern.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments where required. The principal accounting policies adopted are set out below and have been applied consistently to the years presented.

Investments

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

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

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.

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.

3. Administrative expenses

The Company has no employees. Administrative expenses of the Company, including audit fees of €500 (2009 €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.

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

4. Tax

	Year ended 30 September 2010 €m	Year ended 30 September 2009 €m
UK corporation tax credit for the year comprises		
Current tax		
UK corporation tax credit at 28%(2009 28%) for the current year	(18 1)	(18 1)
UK corporation tax adjustment in respect of prior years	18 1	-
Current tax credit	-	(18 1)
The credit for the year can be reconciled to the (loss)/profit per the income statement as follows		
(Loss)/profit before tax	(43 3)	478 2
Expected tax (credit)/ charge at the UK corporation tax rate of 28% (2009 28%)	(12 1)	133 9
Adjustments to tax in respect of prior years	18 1	
Non taxable income/gains	(6 0)	(152 0)
Tax credit for the year	-	(18 1)

At the balance sheet date, the company had unused tax losses of €65 6m (2009 nil) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses of €65 6m (2009 nil) due to the unpredictability of future profits.

5. Investments in subsidiaries

	€m
Cost and net book value	
At October 2008	406 0
Reversal of impairment of investments	542 8
At 30 September 2009	948 8
Acquisition	17 9
Reversal of impairment	22 0
At 30 September 2010	988 7

During the year the Company subscribed to £11 8m (€13 4m) additional share capital in Thomas Cook Investments (1) Limited and acquired eight of the 36 non-voting ordinary shares in Thomas Cook Investments (1) for £4 1m (€4 5m). A list of the Company's principal subsidiary undertakings are shown in note 13 to the financial statements.

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

6. Trade and other receivables

	2010	2009
	€m	€m
Amounts owed by parent	0.1	0.1
Tax receivable	35.3	35.3
	<u>35.4</u>	<u>35.4</u>

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.

7. Trade and other payables

	2010	2009
	€m	€m
Amounts owed to subsidiary undertakings	1,324.7	1,241.5
	<u>1,324.7</u>	<u>1,241.5</u>

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.

8. Financial risk

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

The carrying value of the Company's financial instruments is exposed to movements in foreign currency exchange rates (primarily pound sterling). The Company estimates that a 5% strengthening in sterling would increase loss before tax by €0.9m, while a 5% decrease in the value of sterling would increase the loss before tax by €0.9m.

The Company is not subject to any material interest rate risk on the loans between subsidiaries. The company is exposed to liquidity risk in relation to the loan receivable. The maximum exposure in respect to this item at the balance sheet date is the carrying value.

9. Called-up share capital

	2010	2009
	€m	€m
Allotted, called-up and fully paid 50,000 ordinary shares of £1 each	<u>0.1</u>	<u>0.1</u>

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

10. Related party transactions

	2010	2009
	€m	€m
Transactions with fellow subsidiaries:		
Interest expense	(64.8)	(64.6)
Year end balances arising from transactions with fellow subsidiaries:		
Loans payable	(1,135.9)	(1,117.5)
Interest payable	(188.8)	(124.0)
Year end balances arising from transactions with parent:		
Loans receivable	0.1	0.1

11. Ultimate controlling party

The Company is a direct subsidiary of Thomas Cook Group UK Limited a company incorporated in England

The smallest group of which Sandbrook UK Investments Limited is a member and in which the results of the Company are consolidated is that headed by Thomas Cook Group plc, which is registered in England and Wales. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN

12. Post balance sheet event

In March 2011 the Company subscribed to 800 preference shares in Thomas Cook Investment (1) Ltd for £9,981.25 million

Sandbrook UK Investments Limited

Notes to the financial statements for the year ended 30 September 2010

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 22% of the non-voting ordinary shares