

**Sandbrook Overseas Investments Limited**

**Annual report and financial statements**

**for the year ended 30 September 2012**

Registered number 6395258

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# **Sandbrook Overseas Investments Limited**

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# **Sandbrook Overseas Investments Limited**

## **Director's report**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report for the year ending 30 September 2012

### **Business review & principal activities**

The principal activity of the Company is to hold loans receivable from fellow subsidiaries. The Company made a profit for the year of €74.5m (2011: €126.8m). 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.

For further information on the Group's business review and principal activities please refer to the Thomas Cook Group plc annual report and accounts 2012.

### **Principal risks and uncertainties**

The principal area of risk or uncertainty for the Company relates to the carrying amount of the Company's investments in subsidiaries and loan receivables from fellow subsidiary undertakings which are dependant on the financial performance of those undertakings. The directors carry out an annual assessment of the carrying value of investments in subsidiaries and the loan receivables by reference to the underlying net assets and the forecast future financial performance, including cash flows, of the Group undertakings.

### **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.

### **Financial risk management**

The Company's financial risk management is detailed with in note 11.

### **Dividends**

The directors recommend no dividend for year ending 30 September 2012 (2011: €1.8m per share).

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements, except as noted, were as follows:

M McMahon	(resigned 30 <sup>th</sup> January 2013)
R J Coates	
CA Stoehr	(appointed 22 <sup>nd</sup> April 2013)
Thomas Cook Group Management Services Limited	

### **Company Secretary**

S Bradley

### **Directors' indemnities**

In accordance with its Articles, the Company has granted a qualifying third party indemnity, to the extent permitted by law, to each Director. The Company also maintains Directors' and Officers' liability insurance.

### **Subsequent events**

Subsequent events are detailed in note 16.

# **Sandbrook Overseas Investments Limited**

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

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

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

On behalf of the Board,



A Carty

Representing Thomas Cook Group Management Services Limited

Director

26<sup>th</sup> June 2013

# **Sandbrook Overseas Investments Limited**

## **Independent auditors' report to the members of Sandbrook Overseas Investments Limited**

We have audited the financial statements of Sandbrook Overseas Investments Limited for the year ended 30 September 2012 which comprise 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 auditors**

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 2012 and of its profit 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.

## **Sandbrook Overseas Investments Limited**

### **Independent auditors' report to the members of Sandbrook Overseas Investments Limited (continued)**

#### **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  
26 June 2013

# **Sandbrook Overseas Investments Limited**

## **Income statement**

**For the year ended 30 September 2012**

	Notes	Year ended 30 September 2012 €m	Year ended 30 September 2011 €m
Other operating expense- exchange losses		(3.6)	-
<b>(Loss)/result from operations</b>		<b>(3.6)</b>	<b>-</b>
Finance income	5	82.0	98.1
Finance costs	6	(3.9)	-
<b>Profit before taxation</b>		<b>74.5</b>	<b>98.1</b>
Taxation	7	-	28.7
<b>Profit for the year</b>		<b>74.5</b>	<b>126.8</b>

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

**Sandbrook Overseas Investments Limited**  
**Statement of comprehensive income**  
**For the year ended 30 September 2012**

	<b>Year ended 30 September 2012 €m</b>	<b>Year ended 30 September 2011 €m</b>
Profit for the year	74.5	126.8
<b>Total comprehensive income for the year</b>	<b>74.5</b>	<b>126.8</b>
Attributable to Equity owners of the parent	74.5	126.8

There is no other comprehensive income or expense for the year



# Sandbrook Overseas Investments Limited

Registered number 6395258

## Balance sheet as at 30 September 2012

	Notes	30 September 2012 €m	30 September 2011 €m
<b>Non-Current assets</b>			
Investment in subsidiaries	8	1,385 6	-
<b>Current assets</b>			
Trade and other receivables	9	1,424 8	1,960 7
<b>Total assets</b>		<u>2,810 4</u>	<u>1,960 7</u>
<b>Current liabilities</b>			
Tax liabilities		(154 8)	(43 3)
Trade and other payables	10	(951 6)	(180 0)
<b>Total liabilities</b>		<u>(1,106 4)</u>	<u>(223 3)</u>
<b>Net assets</b>		<u>1,704 0</u>	<u>1,737 4</u>
<b>Equity</b>			
Called-up share capital	12	-	-
Share premium account		1,607 7	1,607 7
Retained earnings		96 3	129 7
<b>Total equity</b>		<u>1,704 0</u>	<u>1,737 4</u>

These financial statements were approved by the Board of Directors on 26<sup>th</sup> June 2013

Signed on behalf of the Board,



A Carty  
Representing Thomas Cook Group Management Services Limited  
Director

Notes 1 to 16 form part of these financial statements

# **Sandbrook Overseas Investments Limited**

## **Statement of changes in equity**

**For the year ended 30 September 2012**

	<b>Share capital €m</b>	<b>Share premium account €m</b>	<b>Retained earnings €m</b>	<b>Total equity €m</b>
At 30 September 2010	-	1,607.7	182.9	1,790.6
Profit and total comprehensive income	-	-	126.8	126.8
Dividend (note 4)	-	-	(180.0)	(180.0)
At 30 September 2011	-	1,607.7	129.7	1,737.4
Profit and total comprehensive income	-	-	74.5	74.5
Group relief not at the standard rate of UK tax	-	-	(107.9)	(107.9)
At 30 September 2012	-	1,607.7	96.3	1,704.0

# **Sandbrook Overseas Investments Limited**

## **Notes to the financial statements for the year ended 30 September 2012**

### **1. General information**

Sandbrook Overseas 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.

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.

### **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 Company, which have not been applied in these financial statements, were in issue, but are not yet effective.

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

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

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

### **2. Significant accounting policies**

#### **Basis of preparation**

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

The accounting policies adopted are consistent with those of the previous financial 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.

#### **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.

# **Sandbrook Overseas Investments Limited**

## **Notes to the financial statements for the year ended 30 September 2012**

### **2. Significant accounting policies (continued)**

#### **Investments**

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

#### **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 a fellow group undertaking. Accordingly, no separate cash flow statement has been presented with these financial statements.

#### **Share capital**

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

#### **Critical judgments in applying the Company's accounting policies**

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

#### **Recoverable amounts of investments and loan receivables from fellow subsidiary undertakings**

Judgments have been made in respect of the amounts of future operating cash flows to be generated by certain of the Group's businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for investments and loan receivables in relation to those businesses.

### **3. Administrative expenses**

The Company has no employees. Administrative expenses of the Company, including audit fees of €500 (2011 €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. Dividend**

The following dividends have been deducted from equity in the year

	<b>2012 €m</b>	<b>2011 €m</b>
Interim dividend €nil per share (2011 €1.8m per share)	-	180.0
	-	180.0

# Sandbrook Overseas Investments Limited

## Notes to the financial statements for the year ended 30 September 2012

### 5. Finance income

	2012 €m	2011 €m
Interest receivable on group borrowings	82.0	98.1
	<u>82.0</u>	<u>98.1</u>

### 6. Finance costs

	2012 €m	2011 €m
Interest payable on group borrowings	3.9	-
	<u>3.9</u>	<u>-</u>

### 7. Taxation

	2012 €m	2011 €m
UK corporation tax charge for the year comprises		
Current tax		
UK corporation tax charge	-	-
Adjustments in respect of prior years	-	(28.7)
	<u>-</u>	<u>(28.7)</u>
Current tax credit	-	(28.7)

The charge for the year can be reconciled to the profit per the income statement as follows

Profit before tax	74.5	98.1
Expected tax charge at the UK corporation tax rate of 25% (2011 27%)	18.6	26.5
Adjustments to group relief in respect of prior years	-	(28.7)
Group relief received for nil consideration	(18.6)	(26.5)
	<u>-</u>	<u>(28.7)</u>
Tax credit for the year	-	(28.7)

The Finance (No 2) Act 2010 included legislation to reduce the main rate of UK Corporation Tax from 28% to 27% from 1st April 2011. This was amended by Finance Act 2011 which reduced the rate to 26% with effect from 1st April 2011. Finance Act 2011 also included legislation to reduce the main rate of Corporation Tax to 25% with effect from 1st April 2012, this was amended by Finance Act 2012 which reduced the rate to 24% with effect from 1st April 2012. Finance Act 2012 also included legislation to reduce the main rate of Corporation Tax to 23% with effect from 1st April 2013. The changes have had no effect on these financial statements.

Further reductions in the main rate of Corporation Tax in the UK to 21% by 1st April 2014 and 20% by 1st April 2015 have also been proposed and are expected to be enacted separately. The changes have not been substantially enacted at the balance sheet date and therefore are not recognised in these financial statements.

Group relief was charged for in periods ending 30th September 2009 and earlier. Group relief is surrendered / received for nil consideration in subsequent periods with the exception of 2011 and 2012 where it was charged at a non-standard rate with the resulting charge of €107.9 m being recognised in the statement of changes in equity.

# Sandbrook Overseas Investments Limited

## Notes to the financial statements for the year ended 30 September 2012

There are no unprovided deferred tax assets or liabilities

### 8. Investment in subsidiaries

	€m
<b>Cost and net book value</b>	
At 30 September 2011	-
Acquisition	1,385.6
	<hr/>
At 30 September 2012	<u>1,385.6</u>

During 2012, the Company acquired 100% of the share capital of Thomas Cook West Investments Limited ('TCWI'), a fellow subsidiary undertaking, from Thomas Cook Continental Holdings Limited ('TCCH'), also a fellow subsidiary undertaking, as part of a group restructuring for a cash consideration of €1,385.6m. Subsequent to the year end, in March 2013, the Company disposed of this investment to TCCH for a cash consideration of €1,385.6m. In April 2013 the Company re-acquired TCWI from TCCH for a cash consideration of €1,385.6m.

### 9. Trade and other receivables

	2012 €m	2011 €m
Amounts owed by fellow subsidiary undertakings – current	1,424.8	1,960.7
	<hr/>	<hr/>
	<u>1,424.8</u>	<u>1,960.7</u>

Current amounts owed by fellow subsidiary undertakings are repayable on demand. Loans totalling €856.3m and €520.0m bear interest at a rate of 5.8% and 2.0% respectively. The directors consider the fair value to be equal to the book value.

### 10. Trade and other payables

	2012 €m	2011 €m
Amounts owed to fellow subsidiary undertakings – current	951.6	180.0
	<hr/>	<hr/>
	<u>951.6</u>	<u>180.0</u>

Amounts owing to subsidiary undertakings are repayable on demand and bear interest at a rate of 2% (2011: 0%).

### 11. 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.

# Sandbrook Overseas Investments Limited

## Notes to the financial statements for the year ended 30 September 2012

### 11. Financial risk (continued)

#### 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 on the Company, based on the period end holdings of financial instruments have been calculated and are set out in the table below. The impact of reasonably possible changes in exchange rates is not material to the Company.

	2012		2011	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	€m	€m	€m	€m
5% (2011 5%) increase in interest rates	3.9	2.9	4.9	3.6
5% (2011 5%) decrease in interest rates	(3.9)	(2.9)	(4.9)	(3.6)

Movements of 5% is used for consistency with the 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 owners, return capital to owners, 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 2012 and 30 September 2011.

### 12. Called-up share capital

	2012 €m	2011 €m
<b>Authorised</b>		
1,000 (2011 1,000) ordinary shares of £1 each	-	-
<b>Allotted, called-up and fully paid</b>		
100 (2011 100) ordinary shares of £1 each	-	-

# Sandbrook Overseas Investments Limited

## Notes to the financial statements for the year ended 30 September 2012

### 13. Related party transactions

	2012 €m	2011 €m
<b>Transactions with fellow subsidiaries:</b>		
Dividend payable	-	180 0
Interest income	82 0	98 1
Interest expense	3 9	-
<b>Year end balances arising on transactions with fellow subsidiaries:</b>		
Loans receivable	1,424 8	1,960 7
Loans payable	951 6	-
Dividend payable	-	180 0

### 14. Ultimate controlling party

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

Thomas Cook Group plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30<sup>th</sup> September 2012. The consolidated financial statements of Thomas Cook Group plc are available from its registered office at 6<sup>th</sup> Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN

### 15. Principal subsidiaries and associated and joint venture undertakings

	Country of incorporation and operation	Proportion held by company (%)
<b>Direct subsidiaries</b>		
Thomas Cook West Investments Limited	England	100
<b>Indirect subsidiaries</b>		
Thomas Cook International AG	Switzerland	100
Thomas Cook Airlines Belgium NV	Belgium	99.99
Thomas Cook Belgium NV	Belgium	99.99
Thomas Cook Retail Belgium NV	Belgium	99.99
Thomas Cook Nederland BV	Netherlands	100
<b>Associated undertakings</b>		
Belgium Travel Network CVBA	Belgium	44
Maretours NV	Belgium	48.57
Happy Camp S.p.A.	Italy	40

### 16. Subsequent events

In March 2013, the Company disposed of its investment comprising 100% of the share capital of Thomas Cook West Investments Limited ('TCWI'), a fellow subsidiary undertaking, to Thomas Cook Continental Holdings Limited ('TCCH'), also a fellow subsidiary undertaking, as part of a group restructuring for a cash consideration of €1,385.6m. In April 2013 the Company re-acquired TCWI from TCCH for a cash consideration of €1,385.6m.