

# Notes to the Company financial statements

## 1. Accounting policies

The accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 2 to the Group financial statements with the addition of the following:

### Investments

Investments in subsidiaries are stated at cost less provision for impairment.

These policies have been applied consistently to the periods presented.

The functional currency of the Company is euro, however the Directors have decided to adopt sterling as the presentational currency to be in line with the consolidated accounts.

During the period, the Company adopted International Financial Reporting Standards (IFRS) as of its date of incorporation, 8 February 2007. The Company did not take advantage of the optional exemptions for the first time adoption of IFRS as set out in 'IFRS 1: First-time adoption of International Financial Reporting Standards' requirements.

The adoption of IFRS has had no impact on current or prior period results.

## 2. Profit for the period

As permitted by section 230 of the Companies Act 1985, the Company has elected not to present its own income statement for the period.

The profit after tax of the Company amounted to £315.9m (2007: £67.9m).

The auditors' remuneration for audit services to the Company was £0.2m (2007: £0.6m).

## 3. Personnel expenses

	2008 £m	2007 £m
Wages and salaries	22.0	5.1
Social security costs	1.3	0.6
Share-based payments – equity settled	1.0	–
	<b>24.3</b>	5.7

	2008 Number	2007 Number
The average number of employees of the Company during the period was:	<b>92</b>	1

Employees are based in the United Kingdom and Germany.

Disclosures of individual Directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 1985 and specified for audit by the Financial Services Authority are on pages 64 to 66 within the Remuneration report and form part of these audited accounts.

The employees of the Company are members of the Group pension schemes as detailed in note 38 of the Group financial statements.

## 4. Dividends

The details of the Company's dividend are disclosed in note 12 to the Group financial statements.

## Notes to the Company financial statements continued

### 5. Investments in subsidiaries

	£m
<b>Cost and net book value</b>	
Additions	3,265.5
At 31 October 2007	3,265.5
Additions	1,678.2
Disposals – intra group	(1,673.8)
Exchange difference	460.9
<b>At 30 September 2008</b>	<b>3,730.8</b>

A list of the Company's principal subsidiary undertakings is shown in note 15 to the financial statements.

During the period, the Company acquired a further 1,510,914 ordinary shares of MyTravel which had been issued by MyTravel pursuant to the exercise of MyTravel executive share options. The consideration was satisfied by the issue of an equal number of new ordinary shares of the Company.

On 30 January 2008, the Company transferred its investment in MyTravel Group plc to Thomas Cook Investments (2) Limited at book value in exchange for newly issued fully paid shares in that company.

### 6. Trade and other receivables

	2008 £m	2007 £m
Amounts owed by subsidiary undertakings	160.5	81.0
Other receivables	0.8	0.3
Deposits and prepayments	0.6	2.5
	<b>161.9</b>	<b>83.8</b>

Amounts owed by subsidiary undertakings are repayable on demand. The average interest on overdue amounts owed by subsidiary undertakings is 5.8% (2007: 5.8%). The Directors consider the fair value to be equal to the book value.

### 7. Cash and cash equivalents

	2008 £m	2007 £m
Cash at bank and in hand	1.7	–

### 8. Trade and other payables

	2008 £m	2007 £m
Amounts owed to subsidiary undertakings	136.4	49.4
Accruals	37.4	14.9
	<b>173.8</b>	<b>64.3</b>

Accruals include £17.6m for shares repurchased as part of the share buyback programme which is due to be paid within one month.

The average interest on overdue amounts owed to subsidiary undertakings is 5.8% (2007: 0.0%).

Amounts owing to subsidiary undertakings are repayable on demand. 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, cash and cash equivalents, and other payables and receivables. The Company's approach to the management of financial risks is discussed in the Financial review on pages 44 and 45. The Company believes the value of its financial assets to be fully recoverable.

The carrying value of the Company's financial instruments is exposed to movements in foreign currency exchange rates (primarily sterling). The Company estimates that a 5% strengthening in sterling would increase profit before tax by £2.2m, while a 5% decrease in the value of sterling would decrease profit before tax by £2.2m.

The maturity of contracted cash flows on the Company's trade and other payables are as follows:

	2008 £m		
	Sterling	Euro	Total
No later than one year	(108.3)	(71.2)	(179.5)

  

	2007 £m		
	Sterling	Euro	Total
No later than one year	(60.3)	(4.1)	(64.4)

All cash flow projections shown above are on an undiscounted basis. Any cash flows based on a floating rate are calculated using interest rates as at the date of the last rate reset.

## 10. Called-up share capital

The details of the Company's share capital are the same as those of the Group, and are disclosed in note 31 to the Group financial statements.

Details of share options granted by the Company are set out in note 37 to the Group financial statements.

## 11. Statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Own shares £m	Translation reserve £m	Retained earnings £m	Total £m
Total recognised income and expense for the period	–	–	–	–	–	97.8	67.9	165.7
Premium on allotments during the period	–	6.8	–	–	–	–	–	6.8
Acquisition of Thomas Cook AG	34.4	–	1,603.8	–	–	–	–	1,638.2
Acquisition of MyTravel Group plc	31.3	–	1,460.0	–	–	–	–	1,491.3
Expenses of issue of shares	0.4	–	(12.5)	–	–	–	–	(12.1)
Purchase of own shares	–	–	–	–	(4.9)	–	–	(4.9)
<b>At 31 October 2007</b>	<b>66.1</b>	<b>6.8</b>	<b>3,051.3</b>	<b>–</b>	<b>(4.9)</b>	<b>97.8</b>	<b>67.9</b>	<b>3,285.0</b>
Total recognised income and expense for the period	–	–	–	–	–	467.0	315.9	782.9
Issue of equity shares net of expenses	0.1	2.1	–	–	–	–	–	2.2
Equity credit in respect of share-based payments	–	–	–	–	–	–	3.1	3.1
Share buyback	(6.4)	–	–	6.4	–	–	(266.3)	(266.3)
Purchase of own shares	–	–	–	–	(8.3)	–	–	(8.3)
Disposal of own shares	–	–	–	–	0.2	–	–	0.2
Dividends paid	–	–	–	–	–	–	(78.2)	(78.2)
<b>At 30 September 2008</b>	<b>59.8</b>	<b>8.9</b>	<b>3,051.3</b>	<b>6.4</b>	<b>(13.0)</b>	<b>564.8</b>	<b>42.4</b>	<b>3,720.6</b>

The merger reserve arose on the issue of shares of the Company in connection with the acquisition of the entire share capital of Thomas Cook AG and MyTravel Group plc on 19 June 2007.

The share premium arises in connection with the issue of ordinary shares of the Company following the exercise of MyTravel executive share options.

At 30 September 2008, the Company had distributable reserves of £42.4m (2007: £67.9m).

Details of the own shares held are set out in note 31 to the Group financial statements.

## 12. Operating lease arrangements

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments, related to property under non-cancellable operating leases, which fall due as follows:

	2008 £m	2007 £m
Within one year	1.0	–
Later than one year and less than five years	2.4	–
After five years	3.1	–
	<b>6.5</b>	<b>–</b>

## 13. Contingent liabilities

At 30 September 2008, the Company had contingent liabilities in respect of counter-guarantees for bank funding, letters of credit and guarantees of amounts owed by subsidiaries amounting to £766.2m (2007: £108.9m). This predominantly relates to a guarantee on the drawn down portion of the new credit facility (detailed in note 22 to the Group financial statements). Also included are guarantees related to aircraft finance lease commitments, estimated based on the current book value of the finance lease liabilities (£56.1m).

The Company complies with all the standards relevant to consumer protection and formal requirements in respect of package tour contracts and has all the necessary licences. In the UK the customer's right to reimbursement of the return travel costs and amounts paid in case of insolvency or bankruptcy on the part of the tour operator or travel agency is guaranteed in line with legislation in the UK via a fund mechanism, whereby travel companies are required to collect and remit a small charge for each protected customer upon booking.

## Notes to the Company financial statements continued

### 14. Related party transactions

#### Subsidiaries

The Company transacts and has outstanding balances with its subsidiaries. The Company enters into loans with its subsidiaries at both fixed and floating rates of interest on a commercial basis. Hence, the Company incurs interest expense and earns interest income on these loans. The Company also received dividend income from its subsidiaries during the year.

	2008 £m	2007 £m
<b>Transactions with subsidiaries</b>		
Interest receivable	3.9	–
Interest payable	(0.5)	–
Management fees and other expenses	8.1	2.7
Dividend income received	339.4	70.0
<b>Period end balances arising on transactions with subsidiaries</b>		
Loans receivable	135.7	70.8
Interest receivable	0.8	–
Other receivables	24.0	10.2
Loans payable	(10.9)	(5.3)
Other payables	(125.5)	(44.1)

#### Parent Company

During the period, the Company incurred expenses of £0.2m (2007: £nil) in respect of goods and services provided by Arcandor.

At the period end, the Company had amounts payable to the parent of £0.2m (2007: £nil).

During the period, the Group bought back 48,595,331 shares for £116.2m from Arcandor. This transaction is part of the share buyback programme and was at arm's length. As a result, Arcandor now owns 52.817% of the ordinary share capital of the Company.

All transactions are considered to have been made at market prices. Outstanding amounts will normally be settled by cash payment.

#### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out in note 39 to the Group financial statements.

## 15. Principal subsidiaries, associates and joint ventures

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
<b>Direct subsidiaries</b>			
Thomas Cook Investments (2) Limited	England	100	100
Thomas Cook AG	Germany	100	100
<b>Indirect subsidiaries</b>			
<b>Continental Europe</b>			
Bucher Reisen GmbH	Germany		100
CHB AG	Switzerland		100
Dos Delfi nos-Sociedade Immob. Tourist Lda.	Portugal		100
Gesellschaft fur Reise-Vetriebsysteme mbH	Germany		100
GFT Gesellschaft fur Touristic AG	Switzerland		100
Golf Novo Sancti Petri S.A.	Spain		80.75
Hotel Investment Sarigerme Turizm Ticaret L.S.	Turkey		100
Hoteles y Clubs de Vacaciones S.A.	Spain		51
Jet Tours SA	France		100
Neckermann Polska BP Sp. z.o.o.	Poland		100
Neckermann Reisen d.o.o.	Slovenia		100
Neckermann Reisen s.r.o.	Czech Republic		100
Neckermann Slovakia s.r.o.	Slovakia		60
Neckermann Urlaubswelten GmbH & Co.KG	Germany		100
NUR Neckermann Utazas Szolgas Szolgaltato Kft	Hungary		100
Reisburo Neckermann Nederland BV	Netherlands		100
SATEE GmbH	Germany		100
TC Touristik GmbH	Germany		100
Thomas Cook Austria AG	Austria		100
Thomas Cook Belgium NV	Belgium		100
Thomas Cook Air Services SA	France		100
Thomas Cook Airlines Belgium NV	Belgium		100
Thomas Cook Destinations GmbH	Germany		100
Thomas Cook France SAS	France		100
Thomas Cook France Hoteliere Holding SARL	France		100
Thomas Cook Interservices NV	Belgium		100
Thomas Cook Nederland BV	Netherlands		100
Thomas Cook Service AG	Switzerland		100
Thomas Cook Service Centre Belgium NV	Belgium		100
Thomas Cook Retail Belgium NV	Belgium		100
Thomas Cook Vertriebs GmbH	Germany		100
Thomas Cook Voyages S.A.	France		100
T.K. Touristik GmbH	Germany		100
travel plus s.r.o.	Czech Republic		100
<b>Germany Airlines</b>			
Condor Berlin GmbH	Germany		100
Condor Flugdienst GmbH	Germany		75.1
Lufthansa Leasing GmbH & Co. Fox-Juliett OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Kilo OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Lima OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Mike OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-November OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Oscar OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Papa OHG	Germany		100
Lufthansa Leasing GmbH & Co. Fox-Zulu OHG	Germany		100
LLG Nord GmbH & Co. Delta OHG	Germany		100
TC Delta GmbH	Germany		100

## Notes to the Company financial statements continued

### 15. Principal subsidiaries, associates and joint ventures continued

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
<b>UK and Ireland</b>			
Airtours Holidays Transport Limited	England		100
Cresta Holidays Limited	England		100
Capitol Holdings Limited	Ireland		100
Elegant Resorts Limited	England		100
Falcon Istioploiki Hellas S.A.	Greece		100
Jeropatur-Viagens e Turismo Ltda	Portugal		100
Thomas Cook Aircraft Engineering Limited	England		100
Hotels4U.com Limited	England		100
MyTravel UK Limited	England		100
MyTravel 330 Leasing Limited	Cayman Islands		100
Neilson Active Holidays Limited	England		100
Neilson Hellas A.E.	Greece		100
Neilsen Turizm Danismanlik VE Ticaret Ltd STI	Turkey		100
O.A. Yacht Charter S.A.	Greece		95
Praznik D.O.O. ZA Turizam	Croatia		100
Resorts Mallorca Hotels International S.L.	Spain		100
Thomas Cook Airlines Limited	England		100
thomascook.com Limited	England		100
Thomas Cook (India) Limited	India		100
Thomas Cook Overseas Limited	England		100
Thomas Cook Retail Limited	England		100
Thomas Cook Tour Operations Limited	England		100
Thomas Cook USA Travel Services Limited	England		100
Thomas Cook TV Limited	England		100
White Horse Insurance Ireland Limited	Ireland		100
<b>Northern Europe</b>			
Hoteles Sunwing S.A.	Spain		100
Thomas Cook Airlines Scandinavia A/S	Denmark		100
MyTravel Denmark A/S	Denmark		100
Thomas Cook Northern Europe AB	Sweden		100
Ving Norge A/S	Norway		100
Ving Sverige AB	Sweden		100
Oy Tjareborg AB	Finland		100
Sunwing Ekerum AB	Sweden		
<b>North America</b>			
Thomas Cook Canada Inc.	Canada		100
Thomas Cook USA Holdings Inc.	USA		100
TriWest Travel Holdings Limited	Canada		100
NALG Ireland	Ireland		100
<b>Corporate</b>			
Airtours Channel Islands Limited	Channel Islands		100
Airtours Finance Limited	Channel Islands		100
Thomas Cook Group UK Limited	England		100
Blue Sea Overseas Investments Limited	England		100
“Eurocenter” Beteiligungs-und Reisevermittlung GmbH	Germany		100
GUT Reisen GmbH	Germany		100
MyTravel Group plc	England		100
Sandbrook UK Investments Limited	England		100
Sandbrook Overseas Investments Limited	England		100
Parkway Limited Partnership (No. 1) L.P.	Channel Islands		100
Thomas Cook Continental Holdings Limited	England		100
Thomas Cook Group Treasury Limited	England		100
Thomas Cook Investments (1) Limited	England		100
Thomas Cook Treasury Limited	England		100

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
<b>Associates</b>			
Aqua Sol Hotels Limited	Cyprus		19.99
Activos Turísticos S.A.	Spain		40
COPLAY 95 S.L.	Spain		25
Hispano Alemana de Management Hotelero S.A.	Spain		40
Hotelera Adeje, S.A.	Spain		25
Oasis Company SAE	Egypt		25.1
<b>Joint venture</b>			
Thomas Cook Personal Finance Limited	England		50