

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.

2. Profit for the period

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the period.

The profit after tax of the Company amounted to £410.3m (2008: £315.9m).

The auditors' remuneration for audit services to the Company was £0.2m (2008: £0.2m).

3. Personnel expenses

	2009 £m	2008 £m
Wages and salaries	20.1	22.0
Social security costs	2.0	1.3
Share-based payments – equity settled	2.9	1.0
	25.0	24.3

	2009 Number	2008 Number
The average number of employees of the Company during the period was:	98	92

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 2006 and specified for audit by the Financial Services Authority are on pages 53 to 60 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 37 of the Group financial statements.

4. Dividends

The details of the Company's dividend are disclosed in note 11 to the Group financial statements.

5. Property, plant and equipment

Other fixed assets	£m
Cost	
Additions	1.1
At 30 September 2009	1.1
Accumulated depreciation and impairment	
Charge for the year	0.1
At 30 September 2009	0.1
Carrying amount at 30 September 2009	1.0

Notes to the Company financial statements continued

6. Investments in subsidiaries

	£m
Cost and net book value	
At 31 October 2007	3,265.5
Additions	1,678.2
Disposals – intra-group	(1,673.8)
Exchange difference	460.9
At 30 September 2008	3,730.8
Additions	5.1
Exchange difference	557.6
At 30 September 2009	4,293.5

A list of the Company's principal subsidiary undertakings is shown in note 17 to the financial statements.

The additions in the current year relate to share-based payment charges related to subsidiaries' employees.

7. Trade and other receivables

	2009 £m	2008 £m
Amounts owed by subsidiary undertakings	573.8	160.5
Other receivables	1.4	0.8
Deposits and prepayments	0.3	0.6
	575.5	161.9

Amounts owed by subsidiary undertakings are repayable on demand. The average interest on overdue amounts owed by subsidiary undertakings is 1.8% (2008: 5.8%). The Directors consider the fair value to be equal to the book value.

8. Cash and cash equivalents

	2009 £m	2008 £m
Cash at bank and in hand	–	1.7

9. Trade and other payables

	2009 £m	2008 £m
Amounts owed to subsidiary undertakings	268.4	136.4
Social security and other taxes	1.9	–
Accruals	14.0	37.4
	284.3	173.8

The average interest on overdue amounts owed to subsidiary undertakings is 1.1% (2008: 5.8%).

Amounts owing to subsidiary undertakings are repayable on demand. The Directors consider the fair value to be equal to the book value.

10. 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 on pages 37 to 39. 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 £1.1m (2008: £2.2m), while a 5% decrease in the value of sterling would decrease profit before tax by £1.1m (2008: £2.2m).

The carrying value of the Company's financial instruments is exposed to movements in interest rates. The Company estimates that a 1% increase in interest rates would decrease profit before tax by £2.0m, while a 1% decrease in interest rates would increase profit before tax by £2.0m.

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

	2009 £m		Total
	Sterling	Euro	
Not later than one year	(39.1)	(246.6)	(285.7)
		2008 £m	
	Sterling	Euro	Total
No later than one year	(108.3)	(71.2)	(179.5)

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 set as the date of the last rate reset.

11. Deferred tax asset

	£m
At 30 September 2008	–
Credit to income statement	1.1
At 30 September 2009	1.1

The deferred tax asset relates to a share-based payments temporary difference.

At the balance sheet date, the Company had other short term timing differences of £1.1m (2008: £nil) available for offset against future profits.

There are no amounts of unprovided deferred tax.

12. 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 30 to the Group financial statements in this report.

Details of share options granted by the Company are set out in note 36 to the Group financial statements.

13. Statement of changes in equity

	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2007	66.1	6.8	–	(4.9)	97.8	3,051.3	67.9	3,285.0
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)
Disposal of own shares	–	–	–	0.2	–	–	–	0.2
Dividends paid	–	–	–	–	–	–	(78.2)	(78.2)
Purchase of own shares	–	–	–	(8.3)	–	–	–	(8.3)
At 30 September 2008	59.8	8.9	6.4	(13.0)	564.8	3,051.3	42.4	3,720.6
Total recognised income and expense for the year	–	–	–	–	561.5	–	410.3	971.8
Equity credit in respect of share-based payments	–	–	–	–	–	–	8.3	8.3
Share buyback	(2.1)	–	2.1	–	–	–	(26.4)	(26.4)
Purchase of own shares	–	–	–	(0.1)	–	–	–	(0.1)
Dividends paid	–	–	–	–	–	–	(87.4)	(87.4)
At 30 September 2009	57.7	8.9	8.5	(13.1)	1,126.3	3,051.3	347.2	4,586.8

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 2009, the Company had distributable reserves of £347.2m (2008: £42.4m).

Details of the own shares held are set out in note 30 to the Group financial statements.

Notes to the Company financial statements continued

14. 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:

	2009 £m	2008 £m
Within one year	0.6	1.0
Later than one year and less than five years	2.4	2.4
After five years	2.5	3.1
	5.5	6.5

15. Contingent liabilities

At 30 September 2009, 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 £1,162.1m (2008: £766.2m). This predominately relates to a guarantee on the drawdown portion of the Group credit facility (detailed in note 21 of 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 £96.8m (2008: £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.

16. 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.

	2009 £m	2008 £m
Transactions with subsidiaries		
Interest receivable	1.6	3.9
Interest payable	(6.1)	(0.5)
Management fees and other expenses	10.8	8.1
Dividend income received	435.5	339.4

Year-end balances arising on transactions with subsidiaries

Loans receivable	549.7	135.7
Interest receivable	0.3	0.8
Other receivables	23.8	24.0
Loans payable	(241.2)	(10.9)
Interest payable	(0.2)	–
Other payables	(27.0)	(125.5)

Arcandor

On 1 October 2008, Thomas Cook Group plc was 52.8% owned by Arcandor. During the first six months of the current year, the Group bought back 6,831,425 shares for £14.0m from Arcandor. This transaction was part of the share buy-back programme and was at arms length. On 10 September 2009, 43.9% of Thomas Cook Group plc, which was held by Arcandor and its subsidiaries, were placed on the stock market at 240p. In early October, the remaining shares held as pledge against an Arcandor convertible bond were delivered to bondholders. Following these developments, 100% of the Group's share capital can now be traded freely on the London Stock Exchange.

During the period, the Company incurred no expenses (2008: £0.2m) in respect of goods and services provided by Arcandor. At the period end the Company had amounts payable to the parent of £0.2m (2008: £0.2m).

All transactions are considered to have been made at market prices.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out in note 38 of the Group financial statements.

17. Principal subsidiaries, associates and joint ventures undertakings

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
Direct subsidiaries			
Thomas Cook Investments (2) Limited	England	100	100
Thomas Cook AG	Germany	100	100
Indirect subsidiaries			
Continental Europe			
Bucher Reisen GmbH	Germany		100
Dos Delfi nos-Sociedade Immob. Tourist Lda.	Portugal		100
Gesellschaft fur Reise-Vetriebssysteme mbH	Germany		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
Neckermann Polska BP Sp. z.o.o.	Poland		100
Neckermann Slovakia s.r.o.	Slovakia		60
Neckermann Urlaubswelt GmbH & Co. KG	Germany		100
NUR Neckermann Utazas Szolgas Szolgaltato Kft	Hungary		100
SATEE GmbH	Germany		100
Thomas Cook Airlines Belgium NV	Belgium		100
Thomas Cook Austria AG	Austria		100
Thomas Cook Belgium NV	Belgium		100
Thomas Cook Destinations GmbH	Germany		100
Thomas Cook Nederland BV	Netherlands		100
Thomas Cook Reisburo Groep B.V.	Netherlands		100
Thomas Cook Retail Belgium NV	Belgium		100
Thomas Cook SAS	France		100
Thomas Cook Service AG	Switzerland		100
Thomas Cook s.r.o.	Czech Republic		100
Thomas Cook Vertriebs GmbH	Germany		100
Urlaubshop GmbH	Germany		100
Viajes Iberoservice España, S.L.	Spain		65
German Airlines			
Condor Berlin GmbH	Germany		50.0023
Condor Flugdienst GmbH	Germany		50.0023
Condor Technik GmbH	Germany		50.0023

Notes to the Company financial statements continued

17. Principal subsidiaries, associates and joint ventures undertakings continued

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
UK and Ireland			
Airline Network plc	England		60
Airtours Holidays Transport Limited	England		100
Airtrack Services Limited	England		100
Capitol Holdings Limited	Ireland		100
Elegant Resorts Limited	England		100
Falcon Istioploiki Hellas S.A.	Greece		100
Gold Medal International Limited	England		60
Gold Medal Travel Group plc	England		60
Hotels4U.com Limited	England		100
Jeropatur-Viagens e Turismo Ltda	Portugal		100
MyTravel 330 Leasing Limited	Cayman Islands		100
MyTravel UK Limited	England		100
Neilsen Turizm Danismanlik VE Ticaret Ltd STI	Turkey		100
Neilson Active Holidays Limited	England		100
Neilson Hellas A.E.	Greece		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 (India) Limited	India		77.63
Thomas Cook Aircraft Engineering Limited	England		100
Thomas Cook Airlines Limited	England		100
Thomas Cook Overseas Limited	England		100
Thomas Cook Retail Limited	England		100
Thomas Cook Tour Operations Limited	England		100
Thomas Cook TV Limited	England		100
Thomas Cook USA Travel Services Limited	England		100
thomascook.com Limited	England		100
White Horse Administration Services Ltd	Ireland		100
White Horse Insurance Ireland Limited	Ireland		100
Northern Europe			
Hoteles Sunwing S.A.	Spain		100
MyTravel Denmark A/S	Denmark		100
Oy Tjareborg AB	Finland		100
Sunwing Ekerum AB	Sweden		100
Thomas Cook Airlines Scandinavia A/S	Denmark		100
Thomas Cook Northern Europe AB	Sweden		100
Ving Norge A/S	Norway		100
Ving Sverige AB	Sweden		100
North America			
Thomas Cook Canada Inc.	Canada		100
Thomas Cook USA Holdings Inc.	USA		100

	Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
Corporate			
“Eurocenter” Beteiligungs-und Reisevermittlung GmbH	Germany		100
Airtours Channel Islands Limited	Jersey		100
Airtours Finance Limited	Guernsey		100
Blue Sea Overseas Investments Limited	England		100
GUT Reisen GmbH	Germany		100
MyTravel Group plc	England		100
Parkway Limited Partnership (No. 1) L.P.	Guernsey		100
Sandbrook Overseas Investments Limited	England		100
Sandbrook UK Investments Limited	England		100
TC Touristik GmbH	Germany		50.0023
Thomas Cook Continental Holdings Limited	England		100
Thomas Cook Group Treasury Limited	England		100
Thomas Cook Group UK Limited	England		100
Thomas Cook Investments (1) Limited	England		100
Thomas Cook Investments (3) Limited	Jersey		60
Thomas Cook Treasury Limited	England		100
Associates			
Activos Turisticos 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
Joint venture			
Thomas Cook Personal Finance Limited	England		50