

Thomas Cook UK Travel Limited
Annual report
for the year ended 30 September 2016

Registered number 1362039

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Thomas Cook UK Travel Limited

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Thomas Cook UK Travel Limited

Strategic report

The directors present their Strategic report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2016.

Business review and principal activities

Thomas Cook UK Travel Limited is a subsidiary of Thomas Cook Group plc (“the Group”) a company that is listed on the London Stock Exchange.

Thomas Cook Group plc operates in the UK through a number of subsidiary companies the activities of which include packaged holidays, airline operations, sales channels including retail & online dynamic packaging/ component travel businesses and scheduled tour operators.

The principal activity of Thomas Cook UK Travel Limited is employee contracting services. This activity is expected to continue. The results for the Company show an operating profit of £7,999k (2015: £7,999k) for the year and turnover of £8,000k (2015: £8,000k). The Company has net assets of £50,547k (2015: net assets £50,548k).

Business environment

There are two distinct segments in the UK leisure and travel market: direct suppliers and travel intermediaries. Direct suppliers are the airlines, hotels and cruise companies that sell directly to the customer. Thomas Cook, through its subsidiary companies, operates in the travel intermediary segment, made up of travel agents and tour operators.

The Group operates a multi-channel distribution strategy, selling through its own and third-party channels. The Group’s own distribution channels, which include the operations of the Company, comprise retail stores, online via various Group websites and call centres.

Strategy and future outlook

Our key objectives in package travel are to improve margins through better product mix and reduce underlying costs, thus again driving an improvement in achieved margin.

Product mix is a key factor in attracting and retaining packaged customers and in driving higher margins. We are focused on optimising the proportion of exclusive hotels, differentiated and unique concept holidays and replicating successful formats across a range of destinations. As these products are developed and offered exclusively by the Group, they do not lend themselves to direct price comparison. To the extent that customers value their unique features, these products also tend to encourage earlier booking and higher loyalty. As a result, exclusive and differentiated products attract a higher average selling price and margin than our more standard packages.

Cost management is another important element in a successful package holiday operation. Accommodation and aviation costs are significant, so a relatively modest movement can have a significant impact on performance. In these areas, the Group has taken action to coordinate purchasing across its segments, leveraging its combined scale.

Thomas Cook UK Travel Limited

Strategic report (continued)

Principal risks and uncertainties

The Thomas Cook Group, of which Thomas Cook UK Travel Limited is a major component, have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities. These principal risks and uncertainties, along with mitigating actions, are listed below:

1. The Thomas Cook Group's New Operating Model (NUMO), the next phase of our transformation, fails to deliver our strategic and operational targets.
 - Monthly Group Transformation Review meetings attended by senior management including CEO and CFO, during which progress and issues are discussed and addressed.
 - Financial benefits and KPIs are incorporated in the Thomas Cook Group FY17-FY19 business plan and delivery is tracked as part of the business review process.
2. Failure to recruit or retain the right people at the right time will lead to a lack of capability or capacity to enable the implementation of our business strategy.
 - Our annual engagement survey allows us to assess employee motivation and commitment and identify actions we need to enable talent retention.
 - Our high potential talent have been identified by using a matrix of performance and potential. Those identified have targeted development plans based on their career aspiration.
 - Graduate programmes have been introduced in 2016 to further strengthen future succession. Further programmes will commence in 2017 to specifically targeted areas.
 - A Group Leadership Development programme for direct reports to Senior Leaders has been developed to commence in 2017, targeting those identified as having potential for senior leadership roles.
3. IT architecture is unable to support the needs of the business.
 - Our service delivery process ensures demands from the business are addressed in a timely manner.
 - There are weekly reviews between business unit IT Heads to discuss service issues and ensure preventative measures are implemented.
 - We have a robust governance process that enables IT to align with and meet the needs of the business.
4. Information security and cyber threats are currently a priority across all industries and remain a key Government agenda item. The Group recognises that we have high risk exposure in this area.
 - Our Information Security Steering Group continues to provide oversight of the cyber risk framework and ensures appropriate mitigations are in place.
 - Following completion of the risk assessment of our business critical systems, we have developed a comprehensive security improvement programme. Implementation of this programme is well progressed to ensure protection from cyber-based attacks and compliance with appropriate legislation.
5. A decision or a course of action is perceived negatively by the media, investors and/or general public which in turn impacts the corporate reputation of the Group and its share price.
 - In the past year, we have strengthened our Group communications function, putting in place an experienced in-house team across corporate communications, internal communications and public affairs.
 - The team has implemented new systems and processes to manage, both reactively and proactively, potential issues of reputational impact on the business. This includes a new out-of-hours function and improved monitoring of social media, print and broadcast, and political developments.
 - The communications team has clear protocols in place in the event of a crisis, working closely with all relevant areas of the business, including investor relations, customer relations, legal and operational teams to prepare timely responses across all necessary channels.
 - The Group Communications Director also sits on the Group Management Committee, ensuring that reputational risk – and opportunity – is considered in all important decision making.

Thomas Cook UK Travel Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

6. Due to the nature of its business, the Group will always be exposed to a risk of a health and safety incident that may impact our customers or colleagues together with associated reputational damage.
 - We operate a robust safety management system (SMS) to ensure the implantation of our Health and Safety Policies and procedures.
 - The Group Health, Safety and Security team implement the SMS, which is further supported by a reputable external specialist (SGS).
 - The Group regularly reviews and updates its safety and security training programmes to ensure they continue to reflect best practice.
 - Our Health and Safety Audit programme, which is delivered by external specialists, measures standards and includes a clear escalation and decision process. The programme also includes a robust follow up process. We have increased the frequency of auditing of our differentiated hotels and the scope of the audits.
 - The assessment of Health and Safety risks is inbuilt into daily management routines and is monitored by a structure of health and safety committees that are in turn overseen by a corporate Health, Safety & Environmental committee with Board level oversight. The report of the Health, Safety & Environmental Committee can be found on page 64 of the group financial statements which can be obtained as set out in note 14.
7. The decision for the UK to exit the EU has a detrimental impact on the Group's operations.
 - The Brexit Working Group has been established to ensure all potential implications have been sufficiently considered and that we maintain ongoing dialogue with the UK Government as exit plans gain clarity.
8. Failure to comply with regulatory and legislative requirements in the legal jurisdictions where Thomas Cook operates.
 - We have a dedicated Legal Team that endeavours to ensure full compliance with mandatory regulatory requirements and which monitors all applicable current and emerging regulatory developments in our source markets. The team receives regular training to provide awareness of critical changes in relevant legislation or case law.
 - Our Code of Conduct is backed by a comprehensive training programme to ensure that it is fully embedded across the Group.
 - Our Legal Risk Database enables communication and timely analysis of all risks related to regulatory and legislative requirements.

For further information on the potential impact of these risks and how they are mitigated by the Group, please refer to pages 48-49 of the Group's annual report.

Financial risk management

The Company's risk management objectives and policies are not considered material for an assessment of the Company's assets, liabilities, financial position and result. The Company has no material exposure to price risk, credit risk, liquidity risk or cash flow risk.

Key performance indicators ("KPI's")

The directors of Thomas Cook Group plc manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Thomas Cook UK Limited. The development, performance and position of the UK segment of the Group, which include the results of the Company, are discussed in the financial review on page 30 of the Group's annual report which does not form part of this report.

Thomas Cook UK Travel Limited

Strategic report (continued)

Employee Engagement

The annual Group-wide employee engagement survey “Every Voice” provides our people with the opportunity to provide detailed feedback about how they feel across a number of areas such as clarity on the Company’s direction; their views on our strategy; their confidence in their manager and the leadership; our culture; and how they feel about working for Thomas Cook.

Each year, we have seen an increase in our results, and this year has been no exception. Our “Core Index”, the formula for high performing organisations, achieved a 74 per cent favourable rating overall, compared with 72 per cent last year. Most importantly, we saw a significant increase in employee engagement, achieving 76 per cent against a score last year of 72 per cent and in employee commitment to the organisation, which increased from 64 per cent to 70 per cent.

We saw further growth in participation rates to 78 per cent. We attribute this high level of response to the tangible actions we take each year in response to the feedback, actions that we communicate and by linking to the feedback we receive. Nearly 10,000 open comments were received in this year’s survey and have been shared with specific feedback for the Group’s leadership team.

We are particularly pleased that the questions which saw the biggest increases this year relate to pride in the organisation, recommendation as a great place to work, and strong belief in the direction and strategy relating to our customers and products.

Results from the survey are shared with each team, so they can build detailed action plans, culminating in one overall plan for the Group. Action plans are reviewed closely three times each year by the Group Management Committee (GMC) to check progress and maintain momentum.

Diversity and Inclusion

Achieving our vision to become the world’s best loved travel company will only happen by ensuring we have a truly engaged and diverse workforce, who care about our customers and who are led by an inspiring, energetic and diverse leadership team.

We take great care to make sure our recruitment and selection process, learning and development activities and career progression opportunities do not allow discrimination to occur.

We also work to ensure our colleagues can succeed in our business, regardless of their gender, marital status, race, age, sexual preference and orientation, ethnic origin, religion or belief, disability, (including colleagues who become disabled during service) or trade union affiliation.

We have started a programme to promote opportunity for career development to create a gender balanced leadership team. This will include initiatives such as promoting development opportunities internally, a review of flexible working to increase appeal of leadership roles to female candidates, and ensuring gender balanced shortlists for leadership roles, both internally and externally.

Thomas Cook UK Travel Limited

Strategic report (continued)

Communicating With Our People

We have invested in our internal communications team and are taking a fresh approach in our tone and content when engaging our colleagues. We have introduced a number of new channels, including Thomas Cook TV, a regular Group wide round-up to bring a global view of the organisation to our people.

The Strategic report has been approved and is signed on behalf of the board by:



S Bradley

Representing Thomas Cook Group Management Services Limited

17 January 2017

Registered office

Westpoint

Peterborough Business Park

Lynch Wood

Peterborough

PE2 6FZ

Thomas Cook UK Travel Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 30 September 2016.

Please refer to the strategic report for the business review, future developments, financial risk management of the Company and employee engagement.

Dividends

The directors proposed a dividend of £8m for the year ended 30 September 2016 (2015: £8m).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

P A Hemingway
Thomas Cook Group Management Services Ltd

Company secretary

Shirley Bradley

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report. 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 period. 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Thomas Cook UK Travel Limited

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

During the year the Group Audit Committee conducted a competitive tender process for the audit of the financial year ending 30 September 2017 onwards. Three audit firms (including the incumbent auditors) were invited to tender by the Committee.

The Committee considered the proposals and recommended the appointment of two firms to the Board expressing preference for Ernst & Young LLP. The Committee felt that the breadth and depth of the experience of the proposed team along with the proposed auditing approach would best suit the needs of the Group.

The Group will seek Shareholder approval of the appointment of Ernst & Young LLP at the Group's 2017 AGM.

The Directors' report has been approved and is signed on behalf of the board by:



S Bradley
Representing Thomas Cook Group Management Services Limited
17 January 2017

Registered office

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

Thomas Cook UK Travel Limited

Independent auditors' report to the members of Thomas Cook UK Travel Limited

Report on the financial statements

Our opinion

In our opinion, Thomas Cook UK Travel Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 30 September 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Thomas Cook UK Travel Limited

Independent auditors' report to the members of Thomas Cook UK Travel Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Hodgekins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

17 January 2017

Thomas Cook UK Travel Limited

Statement of comprehensive income

For the year ended 30 September 2016

		Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
	Note		
Turnover	3	8,000	8,000
Gross profit		8,000	8,000
Other operating expenses	4	(1)	(1)
Operating profit		7,999	7,999
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		7,999	7,999

All of the turnover and results arose from continuing operations

There are no recognised income or expenses for either year other than the profit for the financial year; consequently no other comprehensive income has been presented.

Thomas Cook UK Travel Limited

Balance sheet

As at 30 September 2016

Registered number 1362039

	Note	30 September 2016 £'000	30 September 2015 £'000
Current assets			
Debtors	7	50,550	66,550
		<u>50,550</u>	<u>66,550</u>
Current Liabilities			
Creditors: amounts falling due within one year	8	(3)	(16,002)
		<u>(3)</u>	<u>(16,002)</u>
Net current assets		<u>50,547</u>	<u>50,548</u>
Net assets		<u>50,547</u>	<u>50,548</u>
Equity			
Called up share capital	10	50,521	50,521
Profit and loss account		26	27
		<u>26</u>	<u>27</u>
Total equity		<u>50,547</u>	<u>50,548</u>

The notes on pages 14 to 18 form part of these financial statements.

The financial statements on pages 11 to 18 were approved by the board of directors and authorised for issue on 17 January 2017.

Signed on behalf of the board:



S Bradley
Representing Thomas Cook Group Management Services Limited
17 January 2017

Thomas Cook UK Travel Limited

Statement of changes in equity For the year ended 30 September 2016

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 October 2014	50,521	28	50,549
Profit for the financial year and total comprehensive income	-	7,999	7,999
Dividends paid	-	(8,000)	(8,000)
Balance at 30 September 2015 and 1 October 2015	50,521	27	50,548
Profit for the financial year and total comprehensive income	-	7,999	7,999
Dividends proposed	-	(8,000)	(8,000)
Balance at 30 September 2016	50,521	26	50,547

Thomas Cook UK Travel Limited

Notes to the financial statements Year ended 30 September 2016

1 General information

Thomas Cook UK Travel Limited is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is Westpoint, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6FZ. The nature of the Company's operations and its principal activities are set out in the Strategic report. These financial statements are presented in pounds sterling 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 as adopted by the European Union and filed with the Registrar of Companies.

Basis of preparation

The financial statements of Thomas Cook UK Travel Limited are prepared in accordance with Companies Act 2006 as applicable to Companies using FRS 101 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Exemption from all disclosure requirements in IFRS 13, 'Fair value measurement' except for the following:
 - Paragraphs 36(4) and 55 to 57 (valuation models and techniques for financial instruments held at fair value)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows for the period)
 - 16 (statement of compliance with IFRS),
 - 38A-B (Detail in respect of minimum comparative information)
 - 38C-D (Additional comparative information)
 - Paragraph 79(a)(iv) – (A reconciliation of the number of shares outstanding at the beginning and end of the period for each class of shares need not be presented for prior periods)
 - 111 (cash flow statement information), and
 - 134 – 136 (Information on an entity's objectives, policies and processes for managing capital (qualitative and quantitative))
 - 39 (Detail in respect of minimum comparative information, including prior year opening balance Sheet)
 - 40 (Detail in respect of narrative information)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure in respect of new standards and interpretations that have been issued but which are not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

Thomas Cook UK Travel Limited

Notes to the financial statements (continued) Year ended 30 September 2016

1 General information (continued)

Basis of preparation (continued)

- Paragraph 18A of IAS 24, 'Related party disclosures' to disclose amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity.
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the group financial statements of Thomas Cook Group plc. The group financial statements of Thomas Cook Group plc are available to the public and can be obtained as set out in note 11.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company is reliant on the support of the fellow group undertaking, Thomas Cook Group Plc. This support has been formally provided and accordingly the directors of the Company have prepared these financial statements on a going concern basis.

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

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2015 have had a material impact on the amounts reported or the disclosure and presentation in these financial statements.

2 Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the years unless otherwise stated.

Turnover recognition and associated costs

Turnover represents management charges to related companies for employee contract services. Turnover and direct expenses relating to this service are taken to the income statement when earned, which is when the service has been provided.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. The measurement of particular financial assets or liabilities is set out below:

Non derivative financial instruments

The treatment of non-derivative financial instruments is set out below.

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 Thomas Cook 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.

Thomas Cook UK Travel Limited

Notes to the financial statements (continued) Year ended 30 September 2016

2 Significant accounting policies (continued)

Trade and other payables

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

Share capital

Ordinary shares including share premium are classified as equity. 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.

Key accounting estimates and judgements

Given the simple nature of the Company's operations, the directors do not believe there are any critical judgements or key sources of estimation uncertainty in the preparation of these financial statements.

3 Turnover

An analysis of the Company's turnover is as follows:

	2016 £'000	2015 £'000
Management charge	8,000	8,000

4 Other Operating Expenses

	2016 £'000	2015 £'000
Audit fees	1	1

5 Employee information and directors' emoluments

The Company holds employment contracts for 1,634 employees (2015: 2,310), the costs of which are borne by a fellow subsidiary. The number of employment contracts represents the contracts held at year end, which is comparable with the prior year figure.

Directors' emoluments are paid by a fellow subsidiary. Where services provided to the Company are of a non-executive nature no emoluments are disclosed within the financial statements of the Company. Emoluments are disclosed in the financial statements of the group companies where services are performed as an executive director.

Thomas Cook UK Travel Limited

Notes to the financial statements (continued) Year ended 30 September 2016

6 Tax on profit on ordinary activities

	2016 £'000	2015 £'000
Current tax		
UK corporation tax charge in respect of current year	-	-
Total current tax	-	-

Corporation tax is calculated at 20% (2015: 20.5%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the profit per the Statement of comprehensive income as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	7,999	7,999
Expected tax charge at the UK corporation tax rate of 20% (2015: 20.5%)	1,600	1,640
Effects of:		
Taxable interest adjustment	88	-
Non-taxable income	(1,600)	(1,635)
Group relief received for nil consideration	(88)	(5)
Tax charge for the year	-	-

Finance Act 2013 included legislation to reduce the main rate of Corporation Tax to 21% with effect from 1st April 2014 and 20% with effect from 1st April 2015. Further reductions in the main rate of Corporation Tax in the UK to 19% from 1st April 2017 and 18% from 1st April 2020 were enacted by Finance (No.2) Act 2015. Finance Act 2016 included legislation enacting a further reduction in the main rate of Corporation Tax to 17% from 1st April 2020.

7 Debtors

	2016 £'000	2015 £'000
Current Assets		
Amounts due from Group undertakings	50,550	66,550

The amounts owed from group undertakings are unsecured, repayable on demand and interest free.

Thomas Cook UK Travel Limited

Notes to the financial statements (continued) Year ended 30 September 2016

8 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Current Liabilities		
Trade creditors	3	1
Amounts owed to group undertakings	-	16,001
	<u>3</u>	<u>16,002</u>

9 Equity dividends

The directors are proposing a final dividend in respect of the financial year ending 30 September 2016 of 15.83p (2015: 15.83p) per ordinary share totalling £8 million (2015: £8 million).

10 Called up share capital

	2016 £'000	2015 £'000
Authorised:		
50,600,000 (2015: 50,600,000) ordinary shares of £1 each	<u>50,600</u>	<u>50,600</u>
Allotted, issued and fully paid:		
50,521,000 (2015: 50,521,000) ordinary shares of £1 each	<u>50,521</u>	<u>50,521</u>

The Company has one class of ordinary shares, which carry no right to fixed income.

11 Ultimate controlling party

The Company is a subsidiary of Thomas Cook UK Limited, which is incorporated in England and Wales.

Thomas Cook Group plc incorporated in Great Britain, is the Company's ultimate parent company and ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated financial statements of Thomas Cook Group plc may be obtained from 3rd floor, South Building, 200 Aldersgate, London, EC1A 4HD.