

**ITC Enterprises Limited**

**Annual report**

**for the year ended**

**30 September 2014**

**Registered number 07381646**

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# **ITC Enterprises Limited**

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## **ITC Enterprises Limited**

Registered number 07381646

# **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 2014.

### **Business Review and Principal activities**

ITC Enterprises Limited ("the Company") was incorporated on 20 September 2010 as a Limited Liability Company and is a wholly owned subsidiary of ITC Travel Investments S.L. On 12 July 2012 Thomas Cook Group Plc ("the Group"), a company that is listed on the London Stock Exchange, entered into a share purchase agreement with VAO «Intourist» (Russia), Intourist Overseas Limited (Cyprus) and Overseas Property Company Limited to form a joint venture in which Thomas Cook Group Plc acquired 50.1% of the shares in ITC Travel Investments S.L and increased this share to 75% on 18<sup>th</sup> September 2013.

The business of ITC Enterprises Limited is limited solely to:

- Outbound and inbound tour operating;
- Corporate travel;
- Transportation and other travel related services;

The results for the Company show a loss on ordinary activities before taxation of US\$12,251k (2013: loss of US\$18,240k) for the year. The revenue has decreased by 11% from US\$327,337k in 2013 to US\$292,446k in 2014 mainly due to the lower demand for international travel resulting from the fluctuations of the local currency. The operating loss has been reduced from US\$13,770k to US\$9,200k.

The Company has net liabilities of US\$64,196k (2013: US\$51,945k). Changes are due to increase of intercompany borrowings.

### **Business environment**

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

The development of international tourism correlates with the economic growth in each source market and has enjoyed strong and sustained growth for most of the last three decades. The Company concentrates predominantly on travel to and from the Russian Federation. While current political and economic difficulties have led to slow down of the Russian economy, the mid and long term outlook for the industry remains attractive as the market penetration is below 10%.

### **Future development**

The Company aims to continue its operations based on organic growth in both the inbound and outbound travel segments in the Russian Federation. Due to on-going consolidation in the market, stable interest for travel and the low market penetration level, the growth rate per year is estimated at around 5%.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks, including exchange rates, credit exposure and liquidity risk. The Directors manage these risks in accordance with policies that have been agreed with Thomas Cook Group plc.

The main risks arising from the Company's financial instruments can be analysed as follows:

#### **Credit risk**

The Company's principal financial assets are debtor, and amounts due from other Group undertakings. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debtors. A process of monthly review of the recoverability is implemented.

## ITC Enterprises Limited

Registered number 07381646

### Strategic Report (continued)

#### Financial risk management (continued)

##### *Liquidity risk*

The Company has appropriate agreements with the Group to cover any liquidity risks. The Company uses its annual budget and planning process to predict and manage expected future liquidity. The liquidity forecast is reviewed and updated on a regular basis.

##### *Currency risk*

The Company is not exposed in its trading operations to the risk of changes in currency exchange rates due to the fact that the prices are adjusted on a daily basis.

#### Principal risks and uncertainties

The Company has identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities:

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our products and services;
- Aggressive pricing policy of the competitors in the main operated markets;
- Fall in demand for traditional package tours and competition from internet distributors and low cost airlines;
- Environmental risks and regulations;
- Major health and safety incidents;
- Natural catastrophes including closure of airspace;
- Disruption to information technology systems or infrastructure, premises or business processes;
- Performance failure by outsourced partners and third party suppliers.

The risks are managed and mitigated in line with the Thomas Cook Group risk management process and quarterly reported to the Segment Risk Management Committee.

#### Key performance indicators ("KPIs")

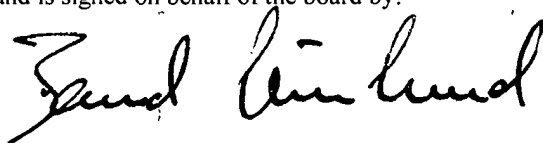
The Directors of Thomas Cook Group Plc manage the Group's operations on a segmental basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of ITC Enterprises Limited. The development, performance and position of the Continental Europe segment of the Group, which include the results of the Company, are discussed in the business review of the Group's Annual Report which does not form part of this report.

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

B. Lienhard

Director

29 June 2015



Registered office

The Thomas Cook Business Park

Coningsby Road

Peterborough

PE3 8SB

## **ITC Enterprises Limited**

Registered number 07381646

### **Directors' Report**

The Directors present their Annual Report and audited financial statements for the year ended 30<sup>th</sup> September 2014.

#### **Dividends**

The Directors do not recommend the payment of a dividend for the year ended 30 September 2014 (2013: US\$ nil).

#### **Directors**

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

B.Lienhard

S.Syed (appointed 28/02/2014, resigned 06/05/14)

R.Wilhelm (resigned 28/02/2014, re-appointed 06/05/14)

K.Neumann (resigned 01/06/14)

M. Rohricht (appointed 09/10/14)

#### **Supplier payment policy**

The Group's policy, which is also applied by the Company, is to agree terms of payment with suppliers when determining the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

#### **Financial risk management**

Financial risks to the Company and the management of these risks have been disclosed in the Strategic report on page 3.

#### **Future developments**

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.

#### **Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intend to support the company for at least one year after these financial statements are signed.

#### **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).

## ITC Enterprises Limited

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### Directors' report (continued)

#### Statement of directors' responsibilities (continued)

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.

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.

#### Disclosure of information to auditors


In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office as at the date the Directors' Report is approved, the following applies:

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

#### Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

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



B. Lienhard

Director

29 June 2015

Registered office  
The Thomas Cook Business Park  
Coningsby Road  
Peterborough  
PE3 8SB

# ***Independent auditors' report to the members of ITC Enterprises Limited***

## **Report on the financial statements**

### **Our opinion**

In our opinion, ITC Enterprises 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 2014 and of its loss 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.

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### **What we have audited**

ITC Enterprises Limited's financial statements comprise:

- the Balance sheet as at 30 September 2014;
- 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

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## **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**

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### **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.

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### **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.

## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 5 and 6, 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.

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### **What an audit of financial statements involves**

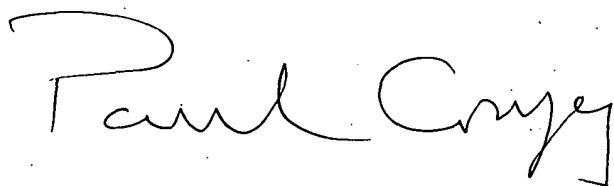
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 and financial statements 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.



Paul Cragg (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

30 June 2015



## **Statement of comprehensive income**

### **Year ended 30 September 2014**

	Notes	Year ended 30 September 2014 US\$ 000	Year ended 30 September 2013 US\$ 000
Turnover	3	292,446	327,337
Cost of sales		(291,929)	(337,596)
<b>Gross profit/(loss)</b>		<b>517</b>	<b>(10,259)</b>
Operating expenses	4	(9,716)	(3,511)
<b>Operating loss</b>		<b>(9,199)</b>	<b>(13,770)</b>
Interest payable and similar charges	5	(3,052)	(4,470)
<b>Loss on ordinary activities before taxation</b>	6	<b>(12,251)</b>	<b>(18,240)</b>
Tax on loss on ordinary activities	7	-	-
<b>Total comprehensive loss for the financial year</b>		<b>(12,251)</b>	<b>(18,240)</b>

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

There is no other comprehensive income or expenses for the year (2013: US\$ nil)

The notes on pages 12 – 20 are an integral part of the financial statements.

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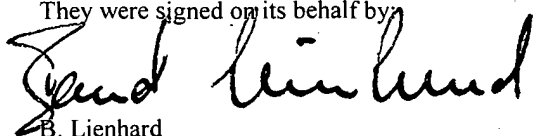
**Balance sheet****As at 30 September 2014**

	Note	Year ended 30 September 2014 US\$ 000	Year ended 30 September 2013 US\$ 000
<b>Fixed assets</b>			
Intangible assets	9	5,327	5,327
<b>Current assets</b>			
Debtors	10	33,202	36,900
Cash at bank and in hand		8,364	4,815
<b>Total assets</b>		<b>46,893</b>	<b>47,042</b>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	12	(27,215)	(26,121)
Payments received on account		(1,440)	(2,216)
Borrowings	11	(82,434)	(70,650)
<b>Net Current Liabilities</b>		<b>(69,523)</b>	<b>(57,272)</b>
<b>Total assets less current liabilities</b>		<b>(64,196)</b>	<b>(51,945)</b>
<b>Net Liabilities</b>		<b>(64,196)</b>	<b>(51,945)</b>
<b>Capital and reserves</b>			
Called up share capital	13	5,321	5,321
Profit and loss account		(69,517)	(57,266)
<b>Total shareholders' deficit</b>		<b>(64,196)</b>	<b>(51,945)</b>

The notes on pages 12 – 20 are an integral part of the financial statements.

The financial statements on pages 9 - 20 were approved by the Board of Directors and authorized for issue on 29 June 2015.

They were signed on its behalf by:



B. Lienhard

Director

29 June 2015

**ITC Enterprises Limited**

Registered number 07381646

**Statement of changes in equity  
Year ended 30 September 2014**

	Called up share capital US \$000	Profit and loss account US \$000	Total Shareholder's deficit US \$000
<b>Balance at 1 October 2012</b>	<b>5,321</b>	<b>(39,026)</b>	<b>(33,705)</b>
Issue of share capital	-	-	-
Total comprehensive loss for the year	-	(18,240)	(18,240)
<b>Balance at 30 September 2013</b>	<b>5,321</b>	<b>(57,266)</b>	<b>(51,945)</b>
Total comprehensive loss for the year	-	(12,251)	(12,251)
<b>Balance at 30 September 2014</b>	<b>5,321</b>	<b>(69,517)</b>	<b>(64,196)</b>

## **ITC Enterprises Limited**

Registered number 07381646

### **Notes to the financial statements**

#### **Year ended 30 September 2014**

##### **1. General information**

ITC Enterprises Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of its registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB and the commercial address of the Company is Germany 61440 Oberursel Thomas-Cook-Platz 1 (as of 1 October 2014). The nature of the Company's operation and its principal activities are set out in the Directors' Report. These financial statements are presented in US dollars as this is the currency of the primary economic environment in which the Company operates. The Company is a wholly-owned subsidiary of ITC Travel Investments S.L. 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 Register of Companies.

##### **Adoption of new or amended statements and interpretations in the current year**

In the current year, no new amended standards have been adopted which are relevant to the Company.

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

###### ***Basis of preparation***

The financial statements of ITC Enterprises Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 Property, plant and equipment;

## ITC Enterprises Limited

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### Notes to the financial statements (continued)

#### Year ended 30 September 2014

##### Basis of preparation (continued)

(iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- 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 of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- 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 Company is reliant on the support of the ultimate parent company, Thomas Cook Group plc. The accounting policies presented below have been consistently applied to the periods presented unless stated otherwise.

##### *Going concern*

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from Thomas Cook Group plc. The Directors have received confirmation that Thomas Cook Group plc intend to support the Company for at least one year after these financial statements are signed.

##### *Intangible assets*

Intangible assets, other than goodwill, are carried on the Company's balance sheet at cost less accumulated amortisation. Intangible assets with indefinite useful lives are not amortised. For all other intangible assets, amortisation is charged on a straight-line basis over the asset's useful life, as follows:

Brands	10 years to indefinite life
Computer software	3 to 10 years

Acquired intangible assets are assessed separately and useful lives established according to the particular circumstances. Indefinite-lived intangible assets principally comprise those trademarks for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of our brands and the level of marketing support. The nature of the industry we operate in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend. Annual impairment tests of the intangible assets are conducted.

**ITC Enterprises Limited**

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**Notes to the financial statements (continued)****Year ended 30 September 2014****2. Significant accounting policies (continued)*****Revenue recognition and associated costs***

Revenue represents the aggregate amount of gross revenue receivable from inclusive tours and travel agency commissions receivable. Revenue and direct expenses relating to inclusive tours arranged by the Company, including travel agency commission, are taken to the income statement on holiday departure. Revenue relating to travel agency commission on third-party leisure travel products is also recognised on holiday departure. Other revenue and associated expenses are taken to the income statement as earned or incurred.

***Finance costs***

Finance costs comprise interest costs on borrowings and expenditures from writing-off loans.

***Tax***

Tax represents the sum of tax currently payable and deferred tax. Current tax is recognised in the Statement of Comprehensive Income unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at 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, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse. The deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

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. Deferred tax liabilities are recognised for the temporary differences of overseas subsidiaries, joint ventures and associates unless the Group is able to control the timing of the distribution of those earnings and it is probable that they will not be distributed in the foreseeable future.

***Leases***

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

***Payments received on account***

Customer monies received at the balance sheet date relating to holidays commencing and flights departing after the period end is deferred and classified as revenue received in advance.

## ITC Enterprises Limited

Registered number 07381646

### Notes to the financial statements (continued)

#### Year ended 30 September 2014

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

##### *Foreign currency*

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is recorded in the statement of comprehensive income.

##### *Debtors*

Debtors 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 debtors. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

##### *Creditors: Amounts falling due within one year*

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

##### *Borrowings*

Interest bearing borrowings are initially recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

##### *Cash at bank and in hand*

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

##### *Provisions*

Provisions are recognised when the Company has a present obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are recognised at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is discounted to its present value.

#### 3. Turnover

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

	2014 US \$000	2013 US \$000
Sales of tour packages	269,841	289,051
Sales of airline tickets	14,963	33,874
Other revenue	7,642	4,412

All sold packages relate to the Russian outbound or inbound travel market.

**ITC Enterprises Limited**

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**Notes to the financial statements (continued)****Year ended 30 September 2014****4. Operating expenses**

	2014 US\$ 000	2013 US\$ 000
Write-off of debt and bad debt reserve	5,913	(319)
Audit fees (Note 6)	41	61
Shared service and management fees	1,912	2,056
Other (bank charges, travel subsistence, etc)	712	584
<b>Administrative expenses:</b>	<b>8,578</b>	<b>2,382</b>
<b>Selling and Marketing expenses*</b>	<b>1,138</b>	<b>1,129</b>
<b>Operating expenses</b>	<b>9,716</b>	<b>3,511</b>

\*Selling and Marketing expenses consist of advertising, brochure costs and sales support activities to stimulate sales of tour product.

**5. Interest payable and similar charges**

	2014 US\$ 000	2013 US\$ 000
Interest payable on group borrowings	3,342	2,815
Write down of financial assets	-	1,740
Financing interest income	(290)	(85)
	<b>3,052</b>	<b>4,470</b>

**6. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation has been arrived at after charging / (crediting):

	2014 US\$ 000	2013 US\$ 000
Foreign exchange (losses) / gains	(285)	123

Auditors' remuneration of 2014 US\$ 40.8k (2013: US\$ 61.4k) is paid for centrally and recharged to the Company. Amounts payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services are disclosed within the consolidated financial statements of Thomas Cook Group plc.

The Company had no employees (other than Directors) throughout the year under review (2013: nil). The Directors did not receive any remuneration from the Company during the year. All remuneration was paid by fellow Group companies.



**ITC Enterprises Limited**

Registered number 07381646

**Notes to the financial statements (continued)****Year ended 30 September 2014****7. Tax on loss on ordinary activities*****Current taxation***

	2014 US\$ 000	2013 US\$ 000
German corporation tax charge/(credit) for the year	-	-
UK corporation tax charge/(credit) for the year	-	-
Tax on loss on ordinary activities	-	-

Corporation tax is calculated at 27.6% (2013: 27.6%) of the estimated assessable profit for the year. This is the applicable German tax rate for the year, since the Company migrated its tax residence from the UK to Germany.

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

	2014 US\$ 000	2013 US\$ 000
Loss on ordinary activities before taxation	(12,251)	(18,240)
Loss on ordinary activities before taxation multiplied by the current tax rate of 27.6% (2013: 27.6%)	(3,381)	(5,034)
Expenses not deductible for tax purposes	-	-
Deferred tax not recognised	3,381	5,034
Tax charge for the year	-	-

***Deferred taxation***

At the balance sheet date, the company had unused accumulated tax losses for 2013-2014 years of \$30.8m (2013: \$18.5m) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses of \$12.3m (2013: \$18.5m) due to the unpredictability of future profits.

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**Notes to the financial statements (continued)****Year ended 30 September 2014****8. Dividends**

There were no dividends paid or proposed during the year ended 30 September 2014 (2013: nil)

**9. Intangible assets**

	Trademark US\$ 000	Total US\$ 000
<b>Cost</b>		
At 1 October 2013	5,327	5,327
Additions	-	-
Accumulated amortisation for 2014	-	-
<b>At 30 September 2014</b>	<b>5,327</b>	<b>5,327</b>

Intangible assets include Trade Mark with indefinite life. Impairment test is done on annual basis. Fair value is higher than the carrying amount in the balance sheet, no adjustments in Financial statement were made.

**10. Debtors**

	2014 US \$000	2013 US \$000
Trade debtors < 1 year	4,125	6,280
Intergroup Trade debtors	671	3,983
Prepayments < 1 year	9,739	8,105
Intergroup Trade prepayments	9,219	16,241
Doubtful debts in prepayments	-	-
Other debtors	131	67
Amounts owed by group undertakings	9,318	2,224
	<b>33,202</b>	<b>36,900</b>

**11. Borrowings**

Borrowings consist of intercompany short-term loans with Thomas Cook Group Treasury Limited of US\$ 82,434k. All loans bear interest at US Libor plus an appropriate margin of 3.5%.

	2014 US\$ 000	2013 US\$ 000
<b>Borrowings</b>	<b>(82,434)</b>	<b>(70,650)</b>

**ITC Enterprises Limited**

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**Notes to the financial statements (continued)****Year ended 30 September 2014****12. Creditors: Amounts falling due within one year**

	2014 US\$ 000	2013 US\$ 000
Trade creditors	(17,364)	(14,457)
Intra-group trade creditors	(7,613)	(5,949)
Accruals	(2,095)	(5,560)
Other creditors including taxation and social security	(143)	(155)
	<b>(27,215)</b>	<b>(26,121)</b>

**13. Called up share capital**

	2014 US\$ 000	2013 US\$ 000
Issued and fully paid 3,269,327 ordinary shares of £1 each (2013: 3,269,327)	5,321	5,321

**14. Ultimate controlling party**

The Company is a subsidiary of ITC Travel Investments S.L. – a company ultimately controlled by the Thomas Cook Group plc, which is incorporated and domiciled in England and Wales. The smallest and largest 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 statement of Thomas Cook Group plc may be obtained from 3<sup>rd</sup> Floor, South Building, 200 Aldersgate, London, EC1A 4HD.

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**Notes to the financial statements (continued)****Year ended 30 September 2014****15. Related parties**

The following transactions were carried out with related parties:

- (a) Shared Service Expenses is restructuring project related costs which payable to Thomas Cook AG, TC Touristik GmbH, TC Nederland B.V. and TCG PLC

	2014 US \$000	2013 US \$000
Shared Service Expenses	(1,912)	(1,651)

- (b) Year-end balances arising from purchases of shared service expenses:

	2014 US \$000	2013 US \$000
<b>Payables to related parties</b>	<b>(7,613)</b>	<b>(5,949)</b>
Thomas Cook AG	(1,203)	(442)
TC Touristik GmbH	(1,022)	(780)
TC Nederland B.V.	(462)	(294)
TCG PLC	(1,391)	(642)
TCCH	(3,535)	(3,791)

The payables to related parties arise from purchase transactions and are due to the lag in payment after the date of purchase. The payables bear no interests.

- (c) Borrowings from related parties:

	2014 US \$000	2013 US \$000
At 1 October	(70,650)	(51,335)
Borrowings received during year	(32,500)	(16,500)
Borrowings repaid during year	24,000	
Interest charged	(3,341)	(2,816)
Interest repaid	57	
At 30 September	(82,434)	(70,650)

Borrowings consist of intercompany short-term loans with Thomas Cook Group Treasury Limited of US\$ 82,434k. All loans bear interest at US Libor plus an appropriate margin of 3.5%.