

THOMAS COOK OVERSEAS LIMITED

ANNUAL REPORT AND ACCOUNTS

31 OCTOBER 2002



THOMAS COOK OVERSEAS LIMITED

**Annual Report
for the year ended 31 October 2002**

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THOMAS COOK OVERSEAS LIMITED

Directors' report for the year ended 31 October 2002

The Directors present their report and the audited financial statements of the company for the year ended 31 October 2002.

Principal activities

The company is an intermediate holding company and trading company conducting its affairs through its branches and its holdings in subsidiary companies operating overseas, engaging principally in the business of :

- (i) World travel agents
- (ii) Foreign exchange dealers
- (iii) Issuer of travellers cheques

Review of business and future developments

Both the level of business and the year end position were considered to be satisfactory. The directors expect the general level of activity to continue into next year.

During the year, the company acquired a further 20% of the issued share capital of Thomas Cook (India) Limited for a consideration of £15.5 million.

Results and dividends

The company's retained loss for the financial period is £609,000 (2001: £12,496,000 profit). The directors do not recommend a dividend (2001: £8,747,000).

Directors and their interests

The directors who held office for the entire period, unless otherwise stated, are given below:

D M W Hallisey
A J H Stewart
I Ailles

No director had any interests in the shares of the company or any other body corporate in the same group during the period.

No director had any interest in any material contract subsisting with the company during the period.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 6 under note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

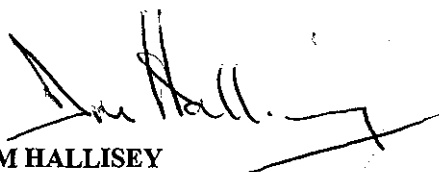
THOMAS COOK OVERSEAS LIMITED

Directors' report for the year ended 31 October 2002 (continued)

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board.



D M HALLISEY
SECRETARY

Unit 17, Thomas Cook Business Park
Coningsby Road, Peterborough
Cambridgeshire
PE3 8SB

19 DECEMBER 2002

THOMAS COOK OVERSEAS LIMITED

Independent auditor's report to the members of Thomas Cook Overseas Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS
CAMBRIDGE

20 December 2002.

THOMAS COOK OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2002

	Note	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
Continuing Operations			
Turnover	3	5,802	4,620
Cost of sales		<u>(4,392)</u>	<u>(3,518)</u>
		1,410	1,102
Administrative expenses		<u>(1,367)</u>	<u>(941)</u>
Operating profit	3	43	161
Income from shares in subsidiary undertakings		<u>345</u>	<u>290</u>
Profit on ordinary activities before interest		388	451
Profit on sale of subsidiary investment		-	22,278
Interest receivable and similar income	8	7	-
Interest payable and similar charges	7	<u>(479)</u>	<u>-</u>
(Loss)/Profit on ordinary activities before taxation	4	(84)	22,729
Taxation	9	<u>(525)</u>	<u>(1,486)</u>
(Loss)/Profit on ordinary activities after taxation		<u>(609)</u>	<u>21,243</u>
Dividends		-	(8,747)
Retained (Loss)/Profit transferred to reserves		<u><u>(609)</u></u>	<u><u>12,496</u></u>

There is no difference between the profit of ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
Retained (Loss)/Profit	(609)	12,496
Exchange movements	10	(132)
Total recognised (losses)/gains	<u><u>(599)</u></u>	<u><u>12,364</u></u>

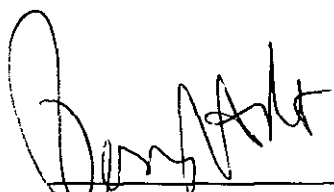
THOMAS COOK OVERSEAS LIMITED

BALANCE SHEET

as at 31 October 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	11	519	661
Investments	12	<u>21,161</u>	<u>5,678</u>
		21,680	6,339
Current assets			
Debtors	13	3,285	3,601
Investments	14	-	152
Cash at bank and in hand	14	<u>856</u>	<u>650</u>
		4,141	4,403
Creditors - amounts falling due within one year	15	(25,007)	(8,931)
Net current liabilities		<u>(20,866)</u>	<u>(4,528)</u>
Total Assets less current liabilities		814	1,811
Provisions for liabilities and charges	16	(846)	(1,244)
Net (liabilities) / assets		<u><u>(32)</u></u>	<u><u>567</u></u>
Capital and Reserves			
Called up share capital	17	500	500
Share premium account	18	293	293
Profit and loss account	18	(825)	(226)
Equity Shareholders' Funds		<u><u>(32)</u></u>	<u><u>567</u></u>

The financial statements on page 4 to 12 were approved by the board of directors on 19 December 2002 and were signed on behalf by



 DIRECTOR
 I S AILLES

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ('FRS') 18 'Accounting Policies' and have been applied consistently, with the exception of the adoption of FRS 19 'Deferred Taxation' which is effective for accounting periods ending on or after 23 January 2002, is set out below.

The financial statements are prepared in accordance with the historical cost convention.

The financial statements contain information about Thomas Cook Overseas Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent Thomas Cook AG which are publicly available. (See note 22)

Going Concern

The company's immediate parent, Thomas Cook UK Limited, has indicated its continuing commitment and support for the further development of the company. Adequate bank facilities have been obtained and the directors of Thomas Cook UK Limited intend to make sufficient amounts available to the company. This will enable the company to continue as a going concern and meet its liabilities as they fall due.

Changes in Accounting Policies

Financial Reporting Standard ('FRS') 19 is effective for accounting periods ending on or after 23 January 2002, therefore, the accounting policy for deferred tax has been changed. There has been no impact on the current or prior year as a result.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Turnover

Turnover includes sales (net of commissions) in respect of tour operations, commissions and margins arising on the sale of foreign exchange and travellers cheques and commissions on travel arrangements. Turnover is net of VAT and trade discounts. Revenues and expenses relating to package holidays and commissions on travel arrangements are recognised on holiday departure. Foreign exchange commissions and margins on the sale of currencies are recognised at point of purchase.

Inclusive Tours

Profit from inclusive tours and the cost of brochure publication relating thereto are taken to the profit and loss account in the financial year in which the tour is commenced.

Cost of Sales

Cost of sales comprises the cost of travel arrangements, agents commissions and management in respect of tour operations, and the running costs of retail shops.

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002 (continued)

Administrative Expenses

Administrative expenses include the cost of finance, computer and general administrative services.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Provision for the depreciation of tangible fixed assets is calculated to write off the costs of these assets by equal annual instalments over their estimated useful lives as follows:

Furniture, fittings and equipment are depreciated on a straight line basis over their estimated useful lives at rates ranging between 10% and 33% per annum.

Long leasehold buildings are depreciated over the shorter of 50 years or their lease.

The policies above have been applied after taking due account of the changes to residual values and adjustments to any assets which are considered to have suffered a permanent diminution in value.

Foreign Currencies

Assets, liabilities and trading results in foreign currencies are translated to sterling at the exchange rate ruling on the balance sheet date. Exchange differences arising on the translation of opening net assets are taken directly to reserves.

Fixed Asset Investments

Fixed asset investments are stated at cost unless, in the opinion of the Directors, there has been an impairment in value in which case a provision is made against the cost of investment and any subsidiary deficit.

2. Cash Flow Statement

The company is a wholly owned subsidiary of Thomas Cook UK Limited and is included in its consolidated financial statements, which are publicly available. (See note 22). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

3. Segmental reporting

	Turnover		Profit/(Loss) before Tax		Net Assets/(Liabilities)	
	Twelve months to 31 October 2002	Ten months to 31 October 2001	Twelve months to 31 October 2002	Ten months to 31 October 2001	2002	2001
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	-	-	(490)	22,510	(2,209)	(1,718)
Rest of the World	5,802	4,620	406	219	2,177	2,285
	5,802	4,620	(84)	22,729	(32)	567

Analysis by class of business

The main trading activities of the Company are as Travel Agent. The Directors consider these to comprise one interrelated business.

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002 (continued)

4. Profit on ordinary activities before taxation is stated after charging:

	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
Depreciation of tangible fixed assets	148	131
Auditor's remuneration		
- audit services	6	7
- non audit services	7	66

5. Directors' emoluments

No emoluments were paid to Directors of the Company in respect of services to the company during the year to 31 October 2002 (2001 - Nil).

6. Employee information

	Twelve months to 31 October 2002 Number	Ten months to 31 October 2001 Number
The average monthly number of persons (including executive directors) employed by the company during Overseas	309	297
Staff costs for the above persons:		
Wages and salaries	1,162	1,069
Social security costs	113	106
	<u>1,275</u>	<u>1,175</u>

7. Interest payable and similar charges

	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
Interest payable on other loans	<u>(479)</u>	<u>-</u>

8. Interest receivable

	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
Interest Receivable on bank deposits	<u>7</u>	<u>-</u>

THOMAS COOK OVERSEAS LIMITED

9. Current taxation

The tax charge for the period is higher (2001: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	Twelve months to 31 October 2002 £'000	Ten months to 31 October 2001 £'000
(Loss)/Profit on ordinary activity before tax	(84)	22,729
UK Corporation Tax at 30%	(25)	6,819
Effects of:		
Adjustments to tax in respect of the prior period	270	-
Expenses not deductible for tax purposes	122	169
Income not taxable	(104)	(5,439)
Carry forward of tax losses	190	-
Overseas tax	72	(63)
Current tax charge/(credit) for period	525	1,486

10. Dividends

No dividend was declared during the period. A dividend of £8,747,000 or £17.49 per ordinary share was paid in 2001.

11. Tangible fixed assets

	Long Leasehold Land & Buildings £'000	Fixtures & Fittings Vehicles & Equipment £'000	Total £'000
Cost:			
At 1 November 2001	226	953	1,179
Exchange adjustment	(32)	(83)	(115)
Additions	-	94	94
Disposals	-	(60)	(60)
At 31 October 2002	194	904	1,098
Depreciation:			
At 1 November 2001	4	514	518
Exchange adjustment	(0)	(59)	(59)
Disposals	-	(28)	(28)
Charge for the year	-	148	148
At 31 October 2002	4	575	579
Net book amount at 31 October 2002	190	329	519
Net book amount at 31 October 2001	222	439	661

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002 (continued)

12. Fixed asset investments

Shares in subsidiary undertakings

	Shares £'000
Cost:	
At 1 November 2001	6,367
Additions	15,483
Disposals	(390)
At 31 October 2002	<u>21,460</u>
Provision:	
At 1 November 2001	689
Disposals	(390)
At 31 October 2002	<u>299</u>
Net book amount at 31 October 2002	<u>21,161</u>
Net book amount at 31 October 2001	<u>5,678</u>

Thomas Cook Japan Company KK was liquidated on 31st May 2002 giving rise to a gain on disposal of £5,662.

On 14 November 2001, the Company acquired a further 20% of the issued share capital of Thomas Cook (India) Limited via an open offer to the public shareholders for a consideration of £15,483,000. Thomas Cook Overseas Limited now holds 60% of the share capital in Thomas Cook (India) Limited.

	Subsidiary Undertakings 2002 £'000
Book value of investments listed on a recognised investment exchange	<u>15,667</u>
Aggregate market value of listed investments	<u>25,771</u>
Principal operating subsidiary undertakings	
Country of incorporation or registration	Interest of Thomas Cook Overseas Limited at 31 October 2002
	Direct %
India Thomas Cook (India) Limited	60
Canada thomascook.ca Ltd.	100

All of the above undertakings are engaged in travel and financial service related business. The class of shares held are ordinary equity with the exception of thomascook.ca Ltd. in which 99% of the holding is in preferred shares. The above information is given in respect of the principal operating companies.

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002 (continued)

13. Debtors

	2002 £'000	2001 £'000
Trade debtors	1,983	1,378
Amounts owed by fellow subsidiary undertakings	615	1,045
Other debtors	385	569
Taxation recoverable	177	252
Prepayments and accrued income	125	357
	<u>3,285</u>	<u>3,601</u>

14. Current assets investments

	2002 £'000	2001 £'000
Cash at bank and in hand	856	650
Bank and local authority deposits	-	152
	<u>856</u>	<u>802</u>

15. Creditors: amounts due within one year

	2002 £'000	2001 £'000
Bank loans and overdrafts	500	549
Trade creditors	1,010	812
Amounts owed to parent undertakings	7,524	7,060
Amounts due to shareholders	15,483	-
Accruals	211	275
Other creditors	279	235
	<u>25,007</u>	<u>8,931</u>

16. Provisions for liabilities and charges

	£'000
Subsidiary undertaking deficiencies	
Balance at 1 November 2001	1,244
Movements during the period:	
Release on liquidation of Thomas Cook Japan Company KK	(398)
Balance at 31 October 2002	<u><u>846</u></u>

17. Called up share capital

	2002 £'000	2001 £'000
Authorised		
600,000 ordinary shares of £1 each	<u>600</u>	<u>600</u>
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

THOMAS COOK OVERSEAS LIMITED

Notes to the accounts for the period ended 31 October 2002 (continued)

18. Reserves

	Profit & Loss Account 2002 £'000	Share Premium Account 2002 £'000
At 1 November 2001	(226)	293
Retained profit for the year	(609)	-
Exchange and other adjustments	10	-
At 31 October 2002	<u>(825)</u>	<u>293</u>

19. Reconciliation of movements in shareholder's (deficits)/funds

	2002 £'000	2001 £'000
Shareholder's funds/(deficits) as at 1 November	567	(11,797)
Profit/(Loss) for the year	(609)	12,496
Exchange adjustments	10	(132)
Shareholder's funds/(deficits) as at 31 October	<u>(32)</u>	<u>567</u>

20. Contingent liabilities

The company has undertaken to make available such funds as certain subsidiary undertakings may require in order that those companies may meet the claims of third party creditors as they fall due.

At 31 October 2002 the company has a contingent liability of £76,000, in respect of guarantees on which no loss is expected to arise.

21. Related party transactions

The company has taken advantage of the exemption under FRS 8 to wholly owned subsidiaries in relation to the disclosure of material transactions with members of the Thomas Cook UK Limited group. There are no other related party transactions.

22. Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Thomas Cook UK Limited, registered in England and Wales.

The directors regard Thomas Cook UK Limited as the immediate parent company and Thomas Cook AG as both the ultimate parent undertaking and ultimate controlling party. Thomas Cook AG is incorporated in Germany.

Thomas Cook AG is a joint venture between Deutsche Lufthansa AG and Kerstadt Quelle AG, both of which are incorporated in Germany.

The smallest group in which the results of the company are consolidated is that of which Thomas Cook UK Limited is the parent company. Copies of their financial statements may be obtained from Thomas Cook UK Limited, The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB. The largest group in which the results of the company are consolidated is that of Thomas Cook AG. Copies of their financial statements may be obtained from Thomas Cook AG, Investor Relations, Zimmersmuhlenweg 55, D-61440 Oberursel, Germany.