

Thomas Cook Overseas Limited
Annual Report
for the year ended 31 October 2005

Registered Number 00433790



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Thomas Cook Overseas Limited
Annual Report
for the year ended 31 October 2005
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Thomas Cook Overseas Limited

Directors and advisors for the year ended 31 October 2005

Directors

Ian Ailles

Manny Fontenla-Novoa

David Michael William Hallisey

Secretary

David Michael William Hallisey

Registered Office

The Thomas Cook Business Park

Coningsby Road

Peterborough

PE3 8SB

Auditors

PricewaterhouseCoopers LLP

Abacus House

Castle Park

Cambridge

CB3 0AN

Bankers

Deutsche Bank AG

Global Transaction Banking

Cash Management

P.O. Box

60254 Frankfurt

Thomas Cook Overseas Limited

Directors' report for the year ended 31 October 2005

The directors present their report and the audited financial statements for the year ended 31 October 2005.

Principal activity

The company is an intermediate holding company and trading company conducting its affairs through its branch in Egypt. The subsidiary companies operating overseas, engage principally in the business of:

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

Review of business and future developments

The company made a loss for the year before taxation of £4,280,000 (2004: Loss of £319,000). The company will continue to operate as a holding company for Thomas Cook UK Limited's international interests.

Dividends

The directors do not recommend the payment of a dividend (2004: £nil).

Post balance sheet events

On 19 December 2005 the company disposed of its 60% holding in Thomas Cook (India) Limited, see Note 20 for further details.

Directors and their interests

The directors of the company at 31 October 2005, all of whom have been directors for the whole of the period are listed on page 3.

None of the directors had an interest in the shares of the parent or other group companies during the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

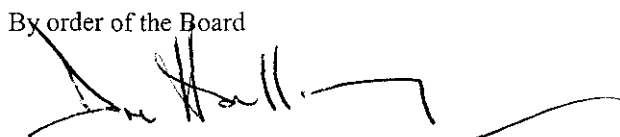
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


David Michael William Hallisey
Company Secretary

22 February 2006

Thomas Cook Overseas Limited

Independent auditors' report to the members of Thomas Cook Overseas Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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.

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 report, including the opinion, has been prepared for and only for the company's members as a body 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 judgments 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 at 31 October 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

3rd March 2006

Thomas Cook Overseas Limited

Profit and loss account for the year ended 31 October 2005

	Note	2005 £'000	2004 £'000
Turnover	3	7,521	5,528
Cost of sales		(4,810)	(3,584)
Gross profit		2,711	1,944
Administrative expenses		(770)	(2,214)
Exceptional items	2	(6,154)	-
Operating loss		(4,213)	(270)
Income from shares in subsidiary undertakings		400	402
(Loss)/profit on ordinary activities before interest		(3,813)	132
Interest receivable	4	25	18
Interest payable	5	(492)	(469)
Loss on ordinary activities before taxation	6	(4,280)	(319)
Tax on loss on ordinary activities	9	(729)	9
Loss for the financial year	17	(5,009)	(310)

All activities relate to continuing operations.

Statement of total recognised gains and losses

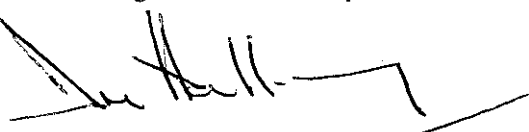
	2005 £'000	2004 £'000
Loss for the financial year	(5,009)	(310)
Exchange movements and other adjustments	322	(24)
Total recognised losses relating to the year	(4,687)	(334)

Thomas Cook Overseas Limited

Balance sheet as at 31 October 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	10	628	452
Investments	11	22,492	28,646
		23,120	29,098
Current assets			
Debtors - due within one year	12	5,400	4,190
Cash at bank and in hand		1,397	1,462
		6,797	5,652
Creditors: amounts falling due within one year	14	(29,614)	(29,760)
Net current liabilities		(22,817)	(24,108)
Total assets less current liabilities		303	4,990
Provisions for liabilities and charges	15	(839)	(839)
Net (liabilities)/assets		(536)	4,151
Capital and reserves			
Called up share capital	16	7,507	7,507
Share premium account	17	293	293
Profit and loss account	17	(8,336)	(3,649)
Total shareholders' funds		(536)	4,151

The financial statements on pages 6 to 17 were approved by the board of directors on 22 February 2006 and were signed on its behalf by:


 Director
 D.M. HALLISEY

Thomas Cook Overseas Limited

Notes to the financial statements

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards and the Companies Act 1985. A summary of the more important accounting policies, which have been reviewed by the directors in accordance with Financial Reporting Standard ('FRS') 18 'Accounting policies', and which have been applied consistently except where noted, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified to include the revaluation of certain properties. The financial statements have been prepared on a going concern basis. 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 21).

Turnover

Turnover comprises sales 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 stated 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 in respect of tour operations, the costs of operating retail shops, selling costs and incentive commissions.

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 term.

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.

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.

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

Deferred taxation

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19 'Deferred tax'. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign Currencies

Exchange differences arising from the retranslation of the opening net assets of its branch which has currencies of operation other than sterling are taken to the reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end.

Other transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. Exchange gains and losses are taken to the profit and loss account.

Cash Flow Statement and Related Party Transactions

The company is a wholly owned subsidiary of Thomas Cook UK Limited and its results are included in the consolidated financial statements of Thomas Cook AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'. The company is also exempt under the terms of FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Thomas Cook AG group or investees of the Thomas Cook AG group.

2 Exceptional items

In the year the company undertook a review of the carrying value of its investments. The result of this review was an exceptional charge to the profit and loss account of £6,154,000 with respect to Thomas Cook Travel Limited (incorporated in Canada).

3 Turnover and segmental analysis

The company's turnover and profit before tax is wholly derived from its principal trading activities as a travel agent. The directors consider these to comprise one interrelated business.

A geographical analysis of the company's turnover, profit/(loss) before tax and net assets is presented below:

	Turnover		(Loss)/profit before Tax		Net (Liabilities)/ Assets	
	2005	2004	2005	2004	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	-	-	(5,710)	(1,062)	(4,605)	1,309
Rest of the world	7,521	5,528	1,430	743	4,069	2,842
	7,521	5,528	(4,280)	(319)	(536)	4,151

Thomas Cook Overseas Limited

There is no material difference between turnover by origin and by destination.

Notes to the financial statements (continued)

4. Interest receivable

	2005 £'000	2004 £'000
Interest receivable on bank deposits	25	18

5. Interest payable

	2005 £'000	2004 £'000
Interest payable on loans	492	469

6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets	170	130
Profit on disposal of fixed assets	8	-
Auditors' remuneration		
- audit services	-	-
- non-audit services	17	9

Auditors' remuneration is paid for centrally and is included within the statutory accounts of Thomas Cook Retail Limited.

7. Directors emoluments

No emoluments were paid to directors of the company in respect of services to the company during the year. (2004: nil).

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

8. Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2005 Number	2004 Number
By activity		
Administration, office and overseas staff	358	345
	2005 £'000	2004 £'000
Staff costs (for the above persons)		
Wages and salaries	1,270	1,076
Social security costs	119	93
	1,389	1,169

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

9. Current Taxation

	2005 £'000	2004 £'000
UK corporation tax charge/(credit) on UK income	15	(438)
UK corporation tax charge/(credit) on Overseas income	640	431
Overseas tax charge for the period	525	359
Double taxation relief	(640)	(431)
UK corporation tax adjustment in respect of prior years	189	70
Tax charge/(credit) on profit/(loss) on ordinary activities	729	(9)

The tax charge for the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%).

The differences are explained below.

	2005 £'000	2004 £'000
Loss on ordinary activity before tax	(4,280)	(319)
Loss on ordinary activities multiplied by the standard rate of		
Corporation tax in the UK of 30% (2004: 30%)	(1,284)	(96)
Effects of:		
Adjustments to tax in respect of the prior years	189	70
Expenses not deductible for tax purposes	102	89
Exceptional item not deductible for tax purposes	1,847	-
Overseas tax relief	(640)	-
Overseas tax	525	(72)
Short term timing differences	1	-
Accelerated capital allowances	(11)	-
Current tax charge/(credit) for period	729	(9)

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

10. Tangible fixed assets

	Long Leasehold Land & buildings £'000	Fixtures & Fittings Vehicles & Equipment £'000	Total £'000
Cost			
At 1 November 2004	116	940	1,056
Exchange adjustments	22	96	118
Additions	-	297	297
Disposals	-	(211)	(211)
At 31 October 2005	138	1,122	1,260
Depreciation			
At 1 November 2004	-	604	604
Exchange adjustments	1	67	68
Charge for the period	10	160	170
Disposals	-	(210)	(210)
At 31 October 2005	11	621	632
Net book value			
At 31 October 2005	127	501	628
At 31 October 2004	116	336	452

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

11. Fixed asset investments

	Shares in group undertakings £'000
Cost:	
At 1 November 2004 and 31 October 2005	28,946
Provision:	
At 1 November 2004	(300)
Impairment	(6,154)
At 31 October 2005	(6,454)
Net book amount at 31 October 2005	22,492
Net book amount at 31 October 2004	28,646

In accordance with FRS 11 'Impairment of fixed assets and goodwill' the carrying value of the company's investments has been compared to their recoverable amounts. The review has resulted in an exceptional charge of £6,154,000 in respect of Thomas Cook Travel Limited (incorporated in Canada). The discount rate used in the calculation to arrive at the valuation was 9.5% on a post-tax basis.

	£'000
Book value of investments listed on a recognised investment exchange	15,710
Aggregate market value of listed investments	54,644

Principal operating subsidiary undertakings:

Country of incorporation or registration	Direct %
India Thomas Cook (India) Limited	60
Canada Thomas Cook Travel Limited	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 Thomas Cook Travel Limited 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 financial statements (continued)

12. Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year		
Trade debtors	3,818	2,783
Amounts due from group undertakings	1,224	867
Other debtors	229	159
Taxation recoverable	-	240
Prepayments and accrued income	129	141
	5,400	4,190

13. Deferred Tax

The company has not provided for any deferred tax. The unprovided amounts of deferred tax are as follows:

	2005 Provided	2005 Unprovided	2004 Provided	2004 Unprovided
Short term timing differences	-	352	-	351
Accelerated capital allowances	-	45	-	63
	-	397	-	414

It is not envisaged there will be sufficient profits in the foreseeable future to recognise full provisions for deferred tax.

14. Creditors – amounts falling due within one year

	2005 £'000	2004 £'000
Bank loans and overdrafts	90	841
Trade creditors	1,027	1,124
Amounts due to group undertakings	8,506	8,489
Amounts due to parent companies	17,859	18,258
Other creditors	284	334
Taxation payable	517	-
Accruals and deferred income	1,331	714
	29,614	29,760

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

15. Provisions for liability and charges

Subsidiary undertaking deficits	2005 £'000
Total provisions at 1 November 2004 and 31 October 2005	839

16. Called up share capital

	2005 £'000	2004 £'000
Authorised:		
8,000,000 Ordinary shares of £1 each	8,000	8,000
Allotted, issued and fully paid:		
7,507,140 Ordinary shares of £1 each	7,507	7,507

17. Reserves

	Profit & Loss Account 2005 £'000	Share premium Account 2005 £'000
At 1 November 2004	(3,649)	293
Exchange adjustments	322	-
Loss for the year	(5,009)	-
At 31 October 2005	(8,336)	293

18. Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Shareholders' funds/(deficit) as at 1 November	4,151	(2,522)
Increase in share capital	-	7,007
Loss for the year	(5,009)	(310)
Exchange adjustments	322	(24)
Shareholders' funds as at 31 October	(536)	4,151

19. 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.

Thomas Cook Overseas Limited

Notes to the financial statements (continued)

20. Post balance sheet events

On the 19th December 2005 the company transferred its 60% holding in Thomas Cook (India) Limited to TCIM Limited, another company within the Thomas Cook AG Group for a total consideration of £49,921,274 (£46,338,277 after taxation payable to the Indian authorities). The Thomas Cook AG group subsequently disposed of TCIM Limited to a third party for a total consideration of £49,921,274.

21. Ultimate parent undertaking

The company is a subsidiary of Thomas Cook UK Limited, which is incorporated in England and Wales. Thomas Cook AG, incorporated in Germany, is regarded by the directors as the company's ultimate parent undertaking and ultimate controlling party.

The largest group in which the results of the company are consolidated is that of which Thomas Cook AG is the parent company. The consolidated accounts of Thomas Cook AG may be obtained from Thomas Cook AG, Investor Relations, Zimmersmuhlenweg 55, D-61440 Oberursel, Germany.

The smallest such group is that of which Thomas Cook UK Limited is the parent company, whose consolidated accounts may be obtained from the Thomas Cook UK Limited, The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB.