

Thomas Cook Overseas Limited
Revised Annual Report
for the year ended 31 October 2004



Thomas Cook Overseas Limited

Contents

Directors' report	1 - 2
Independent auditors' report	3
Profit & loss account	4
Balance sheet	5
Notes to the financial statements	6 - 13

Thomas Cook Overseas Limited

Revised directors' report for the year ended 31 October 2004

This directors' report replaces the original directors' report for the year ended 31 October 2004. It has been prepared as at 9 March 2005, which was the date on which the original directors' report was approved by the board of directors and not as at the date of revision and consequently does not deal with events between those dates. Since approving the original directors' report the directors have become aware that the balance sheet as at 31 October 2004 did not balance. Accordingly, the original financial statements which reflected this position did not comply with the Companies Act 1985.

The circumstances which led to this error are described in detail in note 1 to the attached revised financial statements.

In addition, since the financial statements have been revised, the statement of directors' responsibilities has been amended to include the directors' responsibilities in respect of the revisions to the financial statements.

The directors present their revised annual report and the revised audited financial statements of Thomas Cook Overseas Ltd (the company) for the year ended 31 October 2004.

Principal activities

The company is an intermediate holding company and trading company conducting its affairs through its branches and its holding in its 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

The company made an operating loss before tax of £319,000 (2003: £1,140,000). The company will continue to operate as a holding company for Thomas Cook UK Limited's International interests.

During the year the company issued additional share capital to Thomas Cook UK Limited, the immediate parent company (see note 16).

Dividend

The directors do not recommend the payment of a dividend (2003: nil).

Directors and their interests

The directors who held office during the year are given below:

Mr Michael Hallisey
Mr Manny Fontenla-Novoa
Mr Ian Ailles

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

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

Thomas Cook Overseas Limited

Revised directors' report for the year ended 31 October 2004 (continued)

Statement of directors' responsibilities

Under section 245 of the Companies Act 1985 the directors have the authority to revise the financial statements or a directors' report if they do not comply with that Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of approval of the original financial statements. In preparing those financial statements 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.

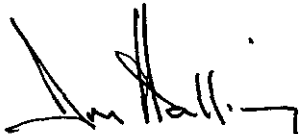
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2004 and that applicable accounting standards have 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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



D M Hallisey,
Company Secretary

10 MAY 2005

Thomas Cook Overseas Limited

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

We have audited the revised financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The revised financial statements replace the original financial statements approved by the directors on 9 March 2005. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 revised 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. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinion

In our opinion the revised financial statements give a true and fair view, seen as at the date of the original financial statements were approved, of the state of the company's affairs at 31 October 2004 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies Act (Revision of Defective Accounts and Reports) Regulation 1990.

In our opinion the original financial statements for the year ended 31 October 2004 failed to comply with the Companies Act 1985 in the respects identified by the directors in the statement contained in note 1 to these financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

10th May 2005.

Thomas Cook Overseas Limited

Revised profit and loss account for the year ended 31 October 2004

	Note	2004 £'000	2003 £'000
Turnover	3	5,528	4,860
Cost of sales		(3,584)	(3,513)
Gross profit		1,944	1,347
Administrative expenses		(2,214)	(2,322)
Operating loss		(270)	(975)
Income from shares in subsidiary undertakings		402	372
Profit/(loss) on ordinary activities before interest		132	(603)
Interest receivable	4	18	21
Interest payable	5	(469)	(558)
Loss on ordinary activities before taxation	6	(319)	(1,140)
Taxation	9	9	(687)
Loss for the financial year	17	(310)	(1,827)

All activities are continuing.

Statement of total recognised gains and losses

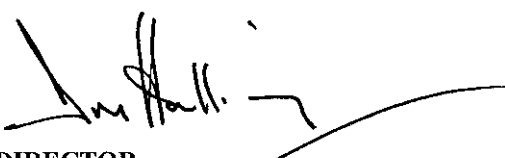
	2004 £'000	2003 £'000
Loss for the financial year	(310)	(1,827)
Exchange movements and other adjustments	(24)	(663)
Total recognised losses relating to the year	(334)	(2,490)

Thomas Cook Overseas Limited

Revised balance sheet as at 31 October 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	10	452	401
Investments	11	28,646	21,204
		29,098	21,605
Current assets			
Debtors	12	4,190	3,225
Investments	13	-	201
Cash at bank and in hand		1,462	897
		5,652	4,323
Creditors : amounts falling due within one year	14	(29,760)	(27,604)
Net current liabilities		(24,108)	(23,281)
Total assets less current liabilities		4,990	(1,676)
Provisions for liabilities and charges	15	(839)	(846)
Net assets/(liabilities)		4,151	(2,522)
Capital and reserves			
Called up share capital	16	7,507	500
Share premium account	17	293	293
Profit and loss account	17	(3,649)	(3,315)
Equity shareholders' funds/(deficit)		4,151	(2,522)

The financial statements on page 4 to 13 were approved by the board of directors on 10 May 2005 and were signed on behalf by


DIRECTOR
D M HALLISEY

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004

1. Revision of the financial statements

Status of these revised financial statements

These financial statements replace the original financial statements for the period ended 31 October 2004 and are now the statutory accounts for that period. They have been prepared as at 9 March 2005, which was the date on which the original financial statements were approved by the board of directors, and not as at the date of revision and accordingly do not deal with events between those dates.

Reason for revision

Since approving the original financial statements the directors have become aware the the balance sheet as at 31 October 2004 did not balance. Accordingly, it is necessary to restate the accounts in order to comply with the Companies Act 1985, in particular so that the accounts give a true and fair view of the state of affairs of the company and of the loss for that period. The transaction which should have been reflected was a tax credit for the year of £9,000 as opposed to a tax charge of £9,000. Accordingly, the revised financial statements incorporate adjustments to rectify this matter.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, 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 20).

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.

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 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.

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.

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

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.

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

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.

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 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.

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.

3. Segmental Reporting

	Turnover		Loss before Tax		Net Assets/(liabilities)	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
United Kingdom	-	-	(1,062)	(1,639)	1,309	(4,932)
Rest of the world	5,528	4,860	743	499	2,842	2,410
	<u>5,528</u>	<u>4,860</u>	<u>(319)</u>	<u>(1,140)</u>	<u>4,151</u>	<u>(2,522)</u>

Analysis by class of business

The main trading activities of the company are as a travel agent. The directors consider these to comprise one interrelated business.

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

4. Interest receivable

	2004 £'000	2003 £'000
Interest receivable on bank deposits	18	21

5. Interest payable

	2004 £'000	2003 £'000
Interest payable on other loans	(469)	(558)

6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets	130	121
Auditors' remuneration		
- audit services	-	-
- non audit services	9	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 to 31 October 2004 (2003:nil).

8. Employee information

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

	2004 Number	2003 Number
Overseas	345	319
	2004 £'000	2003 £'000
Staff costs		
Wages and salaries	1,076	1,060
Social security costs	93	97
	1,169	1,157

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

9. Current taxation

	2004 £'000	2003 £'000
UK corporation tax credit on UK income	(438)	-
UK corporation tax charge/(credit) on Overseas income	431	(269)
Overseas tax charge for the period	359	334
Double taxation relief	(431)	-
UK corporation tax adjustment in respect of prior years	70	622
Tax (credit)/charge on loss on ordinary activities	(9)	687

The tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2004 £'000	2003 £'000
Loss on ordinary activity before tax	(319)	(1,140)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	(96)	(342)
Effects of:		
Adjustments to tax in respect of the prior years	70	622
Expenses not deductible for tax purposes	89	32
Income not taxable	-	(112)
Taxation losses	-	152
Overseas tax	(72)	335
Current tax (credit)/charge for period	(9)	687

The Company has not provided for any deferred tax.

10. Tangible fixed assets

	Long Leasehold Land & Buildings £'000	Fixtures & Fittings Vehicles & Equipment £'000	Total £'000
Cost:			
At 1 November 2003	135	834	969
Exchange adjustment	(19)	(39)	(58)
Additions	-	218	218
Disposals	-	(73)	(73)
At 31 October 2004	116	940	1,056
Depreciation:			
At 1 November 2003	3	565	568
Exchange adjustment	(3)	(25)	(28)
Disposals	-	(66)	(66)
Charge for the year	-	130	130
At 31 October 2004	-	604	604
Net book amount at 31 October 2004	116	336	452
Net book amount at 31 October 2003	132	269	401

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

11. Fixed asset investments

Shares in subsidiary undertakings

	Shares in subsidiary undertakings £'000
Cost:	
At 1 November 2003	21,504
Additions	7,442
At 31 October 2004	28,946
Provision:	
At 1 November 2003	300
At 31 October 2004	300
Net book amount at 31 October 2004	28,646
Net book amount at 31 October 2003	21,204
	£'000
Book value of investments listed on a recognised investment exchange	15,710
Aggregate market value of listed investments	53,389

Principal operating subsidiary undertakings:

	Direct %
Country of incorporation or registration	
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 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 revised accounts for the year ended 31 October 2004 (continued)

12. Debtors

	2004	2003
	£'000	£'000
Amounts falling due within one year :		
Trade debtors	2,783	1,666
Amounts due from group undertakings	867	933
Other debtors	159	259
Taxation recoverable	240	300
Prepayments and accrued income	141	67
	4,190	3,225

13. Current assets investments

	2004	2003
	£'000	£'000
Bank and local authority deposits	-	201

14. Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank loans and overdrafts	841	71
Trade creditors	1,124	1,056
Amounts due to group undertakings	8,489	8,332
Amounts due to parent companies	18,258	17,526
Other creditors	334	402
Accruals and deferred income	714	217
	29,760	27,604

15. Provisions for liabilities and charges

Subsidiary undertaking deficiencies:	£'000
Balance at 1 November 2003	846
Utilised	(7)
Balance at 31 October 2004	839

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

16. Called up share capital

	2004 £'000	2003 £'000
Authorised:		
8,000,000 ordinary shares of £1 each	8,000	600
Allotted, called up and fully paid:		
7,507,140 ordinary shares of £1 each	7,507	500

In December 2003, the authorised share capital was increased by an additional 7,400,000 £1 ordinary shares, and of these 7,007,140 were purchased at nominal value by the immediate parent company.

17. Reserves

	Profit & loss account 2004 £'000	Share premium account 2004 £'000
At 1 November 2003	(3,315)	293
Retained profit for the year	(310)	-
Exchange adjustments	(24)	-
At 31 October 2004	(3,649)	293

18. Reconciliation of movements in shareholders' funds/(deficit)

	2004 £'000	2003 £'000
Shareholders' deficit as at 1 November	(2,522)	(32)
Increase in share capital	7,007	-
Loss for the year	(310)	(1,827)
Exchange adjustments	(24)	(663)
Shareholders' funds/(deficit) as at 31 October	4,151	(2,522)

29. 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.

20. 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

Thomas Cook Overseas Limited

Notes to the revised accounts for the year ended 31 October 2004 (continued)

20. Ultimate parent undertaking (continued)

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 Thomas Cook UK Limited, The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB.

21. 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.