

THOMSON TRAVEL INTERNATIONAL LIMITED
(formerly THOMSON INTERNATIONAL LIMITED)

REPORT AND ACCOUNTS

1998

Registered Number: 595595



THOMSON TRAVEL INTERNATIONAL LIMITED
(formerly THOMSON INTERNATIONAL LIMITED)

DIRECTORS' REPORT

The directors have pleasure in presenting their Annual Report together with the accounts for the year ended 31 December 1998.

Change of name

During the year, the Company's name was changed from Thomson International Limited to Thomson Travel International Limited.

Results and Dividends

The profit for the year after taxation amounted to £170,000 (1997 - £5,562,000).

As the Company did not pay a dividend during the year (1997 - a dividend of £5,000,000 was paid) £170,000 has been transferred to reserves (1997 - £562,000 transferred to reserves after taking account of dividend payments).

Principal Activities and Review of the Business

The Company is a parent undertaking for UK and overseas investments in travel businesses.

Directors

The directors during the year were as follows:

P. Brett
M. Frith
D.H. Mattison
C.E. Newbold (resigned 5 March 1999)
R.S. Smith

Directors' Shareholdings

The Directors interests in the share capital and options to acquire ordinary shares of the ultimate parent company Thomson Travel Group plc (all beneficially held) were as follows:

Director	Registered Shares as at 31.12.98
D H Mattison	2,891
R S Smith	294

The directors have received shares through the Thomson Travel Executive Share Option Scheme. The scheme is for selected employees and full-time directors of the Group, under which the option holders may acquire shares. Details of this scheme can be found in the Thomson Travel Group plc accounts.

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DIRECTORS' REPORT (continued)

Director	At 1.1.98	Options granted during the Year	Options exercised during the Year	At 31.12.98	Exercise price £	Date from which exercisable	Expiry date
D H Mattison	-	15,463	-	15,463	1.94	21.5.2001	21.5.2008
	-	40,346	-	40,346	1.735	17.6.2001	17.6.2008
	-	9,078*	-	9,078	1.52	1.10.2003	1.4.2004
R S Smith	-	15,463	-	15,463	1.94	21.5.2001	21.5.2008
	-	37,176	-	37,176	1.735	17.6.2001	17.6.2008
	-	6,414*	-	6,414	1.52	1.10.2001	1.4.2003

Messrs Brett, Frith and Newbold were also directors of the ultimate parent company Thomson Travel Group plc. The details of their interests can be found in the directors' report of Thomson Travel Group plc.

Options marked * were granted under the Sharesave scheme.

Statement of Directors' responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the auditors' statement of responsibilities set out on page 4, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit and loss for that period.

The directors are responsible for ensuring that the applicable accounting standards have been followed and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements.

The directors are also responsible for the preparation of the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, and for maintaining adequate accounting records, for safeguarding the assets of the group, and for preventing and detecting fraud and other irregularities.

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DIRECTORS' REPORT (continued)

Auditors

The auditors, Price Waterhouse, merged with Coopers and Lybrand on 1 July 1998 following which Price Waterhouse resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors.

By Order of the Board



D.H. Mattison, Secretary

Registered Office
Greater London House,
Hampstead Road,
London NW1 7SD

26 August 1999

THOMSON TRAVEL INTERNATIONAL LIMITED
(formerly THOMSON INTERNATIONAL LIMITED)

AUDITORS' REPORT TO THE SHAREHOLDERS OF THOMSON TRAVEL INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

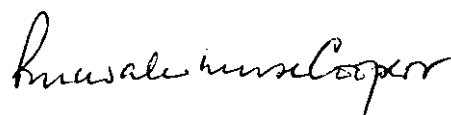
Basis of opinion

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 affairs of the Company as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Southwark Towers
32, London Bridge Street
London SE1 9SY

26 August 1999

THOMSON TRAVEL INTERNATIONAL LIMITED
(formerly THOMSON INTERNATIONAL LIMITED)

Profit and loss account
for the year ended 31 December

	Notes	1998 £'000	1997 £'000
Profit on disposal of subsidiary undertakings		-	1,542
Dividend received from group undertaking		-	6,185
		<hr/>	<hr/>
Profit before interest and taxation		-	7,727
Interest receivable/(payable)		132	(26)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		132	7,701
Taxation credit/(charge)	3	38	(2,139)
		<hr/>	<hr/>
Profit after taxation		170	5,562
Dividends payable		-	(5,000)
		<hr/>	<hr/>
Retained profit for the year		170	562
		<hr/>	<hr/>

There are no recognised gains or losses other than those shown above.

All profit and loss items relate to continuing operations.

The notes on pages 7 to 10 form part of these accounts

THOMSON TRAVEL INTERNATIONAL LIMITED
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Balance Sheet as at 31 December

	Notes	1998 £'000	1997 £'000
FIXED ASSETS			
Investments	4	11,636	10,236
CURRENT ASSETS			
Cash at bank and in hand		8	-
CREDITORS			
Amounts falling due within one year	6	(10,476)	(9,238)
NET CURRENT LIABILITIES		(10,468)	(9,238)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,168	998
CAPITAL AND RESERVES			
Called up share capital - equity shares	7	3	3
Other reserves	8	368	368
Profit and loss account	9	797	627
SHAREHOLDER'S FUNDS	10	1,168	998

Approved by the Board on 26 August 1999

Signed on behalf of the Board



M. Frith

The notes on pages 7 to 10 form part of these accounts

THOMSON TRAVEL INTERNATIONAL LIMITED
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Notes to the accounts

for the year ended 31 December 1998

1. Accounting policies

- a) These accounts are prepared in accordance with applicable UK accounting standards and under the historical cost convention.
- b) **Deferred taxation**
Provision is made for taxation on timing differences between profits stated in the accounts and profits computed for taxation purposes only if there is a reasonable probability that such taxation will become payable in the foreseeable future.
- c) **Foreign currency translation**
Assets and liabilities expressed in currencies other than pounds sterling are translated at year end rates of exchange.

Foreign currency gains and losses arising from translation of the net investment in subsidiary undertakings are dealt with through reserves. Other currency gains and losses are included in the profit and loss account.
- d) **Investments**
Investments are stated at cost. Provision is made to write down the cost of investments where the directors consider that there is a permanent impairment in the value of those investments.

2. Directors

None of the directors received any remuneration in respect of their services to the Company (1997 - £Nil).

THOMSON TRAVEL INTERNATIONAL LIMITED
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Notes to the accounts (continued)

3. Tax on profit on ordinary activities

	1998 £'000	1997 £'000
The taxation (credit)/charge for the period comprises:		
UK corporation tax at 31% (1997 - 31.5%)	41	2,027
Relief for overseas tax	-	(1,948)
Group tax relief	(79)	-
	<hr/>	<hr/>
	(38)	79
Overseas tax	-	2,060
	<hr/>	<hr/>
	(38)	2,139
	<hr/>	<hr/>

4. Investments in subsidiary undertakings

	1998 £'000	1997 £'000
Investments in subsidiary undertakings	11,636	10,236
	<hr/>	<hr/>

In accordance with Section 231 of the Companies Act 1985, the principal active subsidiary undertakings of the Company are:-

	Country of incorporation of class held	Class of share	Percentage
Port Philip Group Limited	UK	Ordinary	100.0

5. Group accounts

As the Company is the wholly owned subsidiary undertaking of a company incorporated in Great Britain, and in accordance with Section 228(1) of the Companies Act 1985, no group accounts have been prepared and, as a consequence, the financial statements relate only to the individual undertaking.

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Notes to the accounts (continued)

6. Creditors: amounts falling due within one year

	1998	1997
	£'000	£'000
Amounts owed to parent undertaking	10,420	8,066
Accruals	15	146
Other creditors	41	1,026
	<hr/>	<hr/>
	10,476	9,238
	<hr/>	<hr/>

7. Called up share capital

	1998	1997
	£'000	£'000
Authorised, allotted and fully paid 3,000 ordinary shares of £1 each	3	3
	<hr/>	<hr/>

8. Other Reserves

	£'000
At 1 January and 31 December 1998	368
	<hr/>

9. Profit and loss account

	1998	1997
	£'000	£'000
At 1 January	627	65
Profit for the year	170	562
	<hr/>	<hr/>
At 31 December	797	627
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Notes to the accounts (continued)

10. **Reconciliation of movement in shareholder's funds**

	1998 £'000	1997 £'000
At 1 January	998	436
Profit for the year	170	562
	<hr/>	<hr/>
At 31 December	1,168	998
	<hr/>	<hr/>

11. **Cash flow statement**

This Company is the wholly owned subsidiary of another company which prepares a cash flow statement which includes the cash flow of this Company. In accordance with paragraph 8c of FRS1, the Company has therefore not prepared such a statement itself.

12. **Company status**

Within the meaning of the Companies Act 1985, the Company's parent undertaking is Thomson Travel Group (Holdings) Limited. Within the meaning of the said act, Thomson Travel Group plc (TTG) is the Company's ultimate parent undertaking. TTG is incorporated in England and Wales and is the parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the Company is a member.

Copies of the TTG annual report are available by writing to the Company Secretary, Greater London House, Hampstead Road, London NW1 7SD.

13. **Related Parties**

Transactions with other companies within the TTG group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No. 8 'Related Party Disclosures' as the consolidated accounts of TTG, in which the Company is included, are available at the address noted above.

The Directors are satisfied that the parent company will support the Company in meeting its liabilities as they fall due.