

FLYING COLOURS LEISURE GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2003



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FLYING COLOURS LEISURE GROUP LIMITED

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 October 2003.

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 year.

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 2003 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 enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Principal activity and review of the business

The company has not traded during the year. There are no plans to commence activities in the foreseeable future.

Directors and their interests

The directors who held office during the year were as follows:

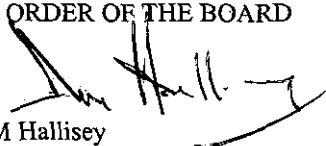
I S Ailles

A J H Stewart (resigned 31 January 2003)

D M Hallisey (appointed 31 January 2003)

None of the Directors held any interests as defined by the Companies Act, in the shares of the company, parent and other group companies during the year.

BY ORDER OF THE BOARD


D M Hallisey
Secretary

Registered Office:

The Thomas Cook Business Park
Coningsby Road
Peterborough
PE3 8SB

Dated: 16 June 2004

FLYING COLOURS LEISURE GROUP LIMITED

BALANCE SHEET

AT 31 OCTOBER 2003

	Note	£'000	31 October 2003 £'000	31 October 2002 £'000
Fixed assets				
Investments	3		2,290	2,290
Current assets				
Debtors	4	65,029		65,029
		<u>65,029</u>		<u>65,029</u>
Creditors: amounts falling due within one year	5	(9,527)		(9,527)
		<u></u>		<u></u>
Net current assets			55,502	55,502
			<u></u>	<u></u>
Net assets			57,792	57,792
			<u></u>	<u></u>
Capital and reserves				
Called up share capital	6		8,376	8,376
Share premium			39,643	39,643
Profit and loss account			9,773	9,773
			<u></u>	<u></u>
Total shareholders' funds			57,792	57,792
			<u></u>	<u></u>
Equity shareholders' funds			9,802	9,802
Non equity shareholders' funds			47,990	47,990
			<u></u>	<u></u>
			57,792	57,792
			<u></u>	<u></u>

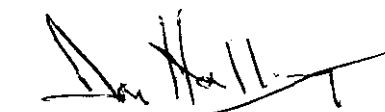
For the year ended 31 October 2003 the company was entitled to the exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249(B)(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (1) ensuring the company keeps accounting records which comply with section 221; and
- (2) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss for the financial year, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to the accounts, as far as applicable to the company.

The financial statements on pages 3 to 5 were approved by the board of directors on 16th June 2004 and were signed on its behalf by:



D M Hallisey
Director

FLYING COLOURS LEISURE GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2003

1. Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Investments

Fixed asset investments are stated at cost, less any diminution in value.

2. Employees and directors

The company has no employees other than its directors. No emoluments were paid to any directors during the year for their services to the company, and no management charges were made.

3. Fixed asset investments

**Shares in Group
Undertakings
£'000**

Cost at 1 November 2002 and 31 October 2003

2,290

Shares in Group Undertakings

Name of Company	Country of Registration	Holding	Proportion Held	Nature of Business
Flying Colours Aviation Limited	England	Ordinary shares	100%	Dormant
Flying Colours Holidays Limited	England	Ordinary shares	100%	Dormant
Flying Colours Trustees Limited	England	Ordinary shares	100%	Dormant
Sunset Developments Limited	England	Ordinary shares	100%	Property Letting
Sunset Holidays PLC	England	Ordinary shares	100%	Dormant

4. Debtors

Amounts falling due within one year:
Amounts owed by group undertakings
Other debtors

**2003
£'000**

**2002
£'000**

64,902
127

64,902
127

65,029

65,029

FLYING COLOURS LEISURE GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2003

5. Creditors: amounts falling due within one year	2003 £'000	2002 £'000
Amounts owed to group undertakings	9,527	9,527
	<hr/>	<hr/>
	9,527	9,527
	<hr/>	<hr/>
 6. Called up share capital	 2003 £'000	 2002 £'000
Authorised		
6,371,429 cumulative redeemable A preference shares of 10p each	637	637
7,151,923 cumulative redeemable C preference shares of 10p each	715	715
714,872;263 deferred shares of 1p each	7,149	7,149
10,000 new ordinary shares of £1 each	10	10
170,000 redeemable D preference shares of 1p each	2	2
4,000,000 redeemable AA preference shares of 10p each	400	400
	<hr/>	<hr/>
	8,913	8,913
	<hr/>	<hr/>
 Allotted, issued and fully paid:		
6,371,429 cumulative redeemable A preference shares of 10p each	637	637
7,151,923 cumulative redeemable C preference shares of 10p each	715	715
661,251,966 deferred shares of 1p each	6,613	6,613
9,650 new ordinary shares of £1 each	10	10
130,333 redeemable D preference shares of 1p each	1	1
4,000,000 redeemable AA preference shares of 10p each	400	400
	<hr/>	<hr/>
	8,376	8,376
	<hr/>	<hr/>

No dividends are payable on any shares other than the 9,650 new ordinary shares of £1 each.

The redeemable AA preference shares, the redeemable A preference shares and the redeemable C preference shares are redeemable at £1 per share on 30 June 2015.

On a realisation (as defined in the Articles) or a winding up the redeemable AA preference shares rank ahead of all other classes of share. Thereafter the redeemable A preference shares, the redeemable C preference shares and the redeemable D preference shares rank in specified proportions, depending on the realisation or winding up proceeds.

The redeemable A preference shares and the redeemable C preference shares have voting rights in all circumstances. In certain limited circumstances where the Additional Capital Procedure (as defined in the Articles) is being followed the redeemable AA preference shares have voting rights. In certain other limited circumstances where an alteration of class right is involved, the D preference shares and the deferred shares have voting rights.

FLYING COLOURS LEISURE GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2003

8. Cashflow statement and related party transactions

The company is a wholly owned subsidiary of Thomas Cook Tour Operations Limited (formerly JMC Holidays Limited) and is included in the consolidated financial statements of Thomas Cook AG which are publicly available. Consequently the company has taken advantage of the exemption from producing a cashflow statement in accordance with Financial Reporting Standard 1(revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are a part of the Thomas Cook Group or investees of the Thomas Cook Group.

9. Ultimate parent company

The company is a wholly owned subsidiary of Thomas Cook Tour Operations Limited (formerly JMC Holidays Limited). Thomas Cook Tour Operations Limited is a wholly owned subsidiary of Thomas Cook UK Limited.

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

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

The largest group in which the results of Thomas Cook Tour Operations Limited and its subsidiaries are consolidated is that of which Thomas Cook AG is the parent company. Copies of their consolidated financial statements may be obtained from Thomas Cook AG, Investor Relations, Zimmersmuhlenweg 55, D-61440 Oberursel, Germany.