

**Thomas Cook Retail Limited (formerly
Going Places Leisure Travel Limited)**

Annual report and financial statements

for the year ended 31 October 2007

Registered number 00102630

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Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

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Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 October 2007

Business review & principal activities

The Company is a wholly owned subsidiary of Thomas Cook Group plc and operates as part of the Group's UK division

At 1 November 2006, the company was a wholly-owned subsidiary of MyTravel Group plc. On 12 February 2007, the board of MyTravel Group plc, the ultimate parent company, announced that they had agreed the terms of a recommended merger with Thomas Cook AG. This transaction completed on 19th June 2007.

On 1 November 2007 Going Places Leisure Travel Limited changed its name to Thomas Cook Retail Limited.

The principal activities of the Company comprise selling a range of leisure travel products and providing a bureau de change service, through both a network of high street shops and telephone call centres.

Sales for the year ended 31 October 2007 were £125.0 million compared to £118.4 million the previous year, an increase of 5.6%. The loss from operations for the year of £14.4 million is a 59.2% decrease against the loss from operations in the previous year of £9.1 million.

The balance sheet position has improved from a net assets figure of £3.1 million as at 31 October 2006 to a net assets figure of £13.5 million as at 31 October 2007 due to the recognition of a £24.4 million deferred tax asset and a loss from operations before taxation of £14 million.

On 1 November 2006, the Company sold the business previously carried on under the name "Business Travel Management" to BCT Travel Group Limited, a fellow subsidiary of Thomas Cook Group plc, at its market value on that date.

Principal risks and uncertainties

The principal risks and uncertainties which may affect the Company's operating results and financial condition are as follows:

Trading risks – this includes a number of factors outside of the Company's control which could have a significant impact on the volume or timing of sales, e.g. wars or international unrest, acts of terrorism, natural disasters or epidemics in key tourist destinations, weather conditions in key tourist destinations and general economic conditions in the United Kingdom.

Competition – the Company faces competition from a relatively small number of established companies each with significant market share as well as a large number of small independent retailers. It also faces ever increasing competition from internet based distributors.

Group risks are discussed in the Group's Annual Report which does not form part of this Report.

Environment

Thomas Cook Group plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual Report which does not form part of this Report.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Directors' report (continued)

Employees

Details of the number of employees and related costs can be found in note 11 to the financial statements

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Results and Dividends

The audited financial statements for the year ended 31 October 2007 show a profit after tax of £10,387,000 (2006 – loss after tax of £6,911,000). The directors do not recommend the payment of a dividend in respect of the year (2006 – £nil).

Directors

The directors, who served throughout the year except as noted, were as follows

S R Barrass	
J Bloodworth	
A Charnock	
T Clancy	(resigned 31 October 2007)
M Hallisey	(appointed 29 October 2007)
G McMahon	(resigned 1 January 2008)
M Nancarrow	(appointed 29 October 2007)
S Pinch	
G Ridsdale	
S Robinson	(appointed 29 October 2007)
M Whitehouse	(appointed 29 October 2007)

Thomas Cook Group Management Services Limited (formerly Parkway Management Services Limited)

Parkway Management Services Limited changed its name to Thomas Cook Group Management Services Limited on 8 October 2007.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Directors' report (continued)

Supplier payment policy

The group's policy, which is also applied by the Company, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 31 October 2007 were equivalent to 79 (2006 - 49) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

The Company made no charitable or political donations during the year (2006 -£nil)

Auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The Thomas Cook Business Park
Coningsby Road
Peterborough
PE3 8SB

By order of the Board,



S Bradley, Secretary

18th February 2008

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

We have audited the financial statements of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited) for the year ended 31 October 2007 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 October 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
Manchester, United Kingdom*

20 February 2008

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Income statement

Year ended 31 October 2007

	Notes	2007 £'000	2006 Restated (note 2) £'000
Continuing operations			
Revenue	3	125,042	118,374
Cost of sales		(71,716)	(84,981)
Gross profit		<u>53,326</u>	<u>33,393</u>
Operating expenses	7	(67,750)	(42,454)
Loss from continuing operations		<u>(14,424)</u>	<u>(9,061)</u>
Analysed between			
Profit/(loss) from operations before exceptional items and disposal of property, plant and equipment		13,375	(2,661)
Exceptional items	5	(27,614)	(6,269)
Disposal of items of property, plant and equipment	6	(185)	(131)
Loss from continuing operations		<u>(14,424)</u>	<u>(9,061)</u>
Finance income	8	3,300	3,145
Finance costs	9	(2,933)	(1,140)
Loss from continuing operations before tax	10	<u>(14,057)</u>	<u>(7,056)</u>
Tax	12	24,444	-
Profit/(loss) for the year from continuing operations		<u>10,387</u>	<u>(7,056)</u>
Discontinued operations			
Profit for the year from discontinued operations	13	-	145
Profit/(loss) for the year		<u>10,387</u>	<u>(6,911)</u>
Attributable to Equity holders of the parent		<u>10,387</u>	<u>(6,911)</u>

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Statement of recognised income and expense Year ended 31 October 2007

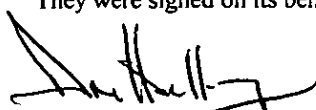
	Note	2007 £'000	2006 £'000
Profit/(loss) for the year		10,387	(6,911)
Total recognised income and expense for the year		<u>10,387</u>	<u>(6,911)</u>
Attributable to Equity holders of the parent		<u>10,387</u>	<u>(6,911)</u>
Effects of changes in accounting policy			
Attributable to equity holders of the parent	2		<u>4,856</u>

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Balance sheet 31 October 2007

	Notes	2007 £'000	2006 Restated (note 2) £'000
Non-current assets			
Goodwill	15	12,492	12,492
Property, plant and equipment	16	6,195	9,969
Investments in subsidiary undertakings	17	751	751
Deferred tax asset	20	24,444	-
		<u>43,882</u>	<u>23,212</u>
Current assets			
Trade and other receivables	18	131,132	182,302
Cash and cash equivalents		2,493	3,970
		<u>133,625</u>	<u>186,272</u>
Total assets		<u>177,507</u>	<u>209,484</u>
Current liabilities			
Trade and other payables	19	(138,057)	(176,713)
Revenue received in advance		(161)	(10,020)
Short-term provisions	21	(21,494)	(12,596)
		<u>(159,712)</u>	<u>(199,329)</u>
Net current liabilities		<u>(26,087)</u>	<u>(13,057)</u>
Non-current liabilities			
Trade and other payables	19	-	(6,921)
Long-term provisions	21	(4,291)	(137)
		<u>(4,291)</u>	<u>(7,058)</u>
Total liabilities		<u>(164,003)</u>	<u>(206,387)</u>
Net assets		<u>13,504</u>	<u>3,097</u>
Equity			
Called up share capital	22	130,000	130,000
Share premium account	23	50,000	50,000
Retained earnings	24	(166,496)	(176,903)
Equity attributable to equity holders of the parent		<u>13,504</u>	<u>3,097</u>

The financial statements were approved by the board of directors and authorised for issue on 18th February 2008
They were signed on its behalf by



D M W Hallisey
Director

18 February 2008



M WHITEHOUSE
Director

18 February 2008

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Cash flow statement

Year ended 31 October 2007

	Notes	2007 £'000	2006 Restated (note 2) £'000
Cash flows used in operating activities			
Cash used by operations	25	(60)	(57,203)
Income taxes paid		-	-
		<u>(60)</u>	<u>(57,203)</u>
Net cash used in operating activities			
		<u>(60)</u>	<u>(57,203)</u>
Investing activities			
Interest received from continuing operations		3,300	3,145
Interest received from discontinued operations		-	28
Cash disposed of with the sale of a division		(175)	-
Purchases of property, plant and equipment		(1,609)	(1,686)
		<u>1,516</u>	<u>1,487</u>
Net cash from investing activities			
		<u>1,516</u>	<u>1,487</u>
Financing activities			
Interest paid		(2,933)	(1,140)
Proceeds from issue of ordinary shares		-	55,000
		<u>(2,933)</u>	<u>53,860</u>
Net cash (used in)/from financing activities			
		<u>(2,933)</u>	<u>53,860</u>
Net decrease in cash and cash equivalents		(1,477)	(1,856)
Cash and cash equivalents at beginning of year		3,970	5,826
		<u>2,493</u>	<u>3,970</u>
Cash and cash equivalents at end of year			
		<u>2,493</u>	<u>3,970</u>

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

1. General information

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited) is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB. The nature of the Company's operations and its principal activities are set out in the directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in Great Britain, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 7 *Financial Instruments: Disclosures*, and the related amendment to IAS 1 on capital disclosures,
- IFRS 8 *Operating Segments*
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 14 *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The directors anticipate the adoption of these standards and interpretations will have no material impact on the Company's financial statements except for 1) additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007, and 2) additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2008. The directors anticipate that the Company will adopt these standards and interpretations on their effective dates.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. With the exception of the change in revenue recognition policy as discussed below, these policies have been applied consistently during the current and prior year.

Basis of accounting

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to Companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Change in accounting policy

During the year, the directors re-examined the accounting policies of the company and have considered that all revenue should be recognised on holiday departure.

The company has therefore changed its revenue recognition policy to recognise revenue and direct expenses relating to inclusive tours arranged by the Company's leisure travel providers, travel agency commission, insurance and other incentives on holiday departure. Other revenue and associated expenses are taken to the income statement as earned or incurred.

This contrasts with the Company's previous policy where revenue relating to travel agency commission on third party leisure travel products was recognised on receipt of the full payment from the customer. This change in accounting policy has resulted in a prior year adjustment which has increased the retained earnings deficit at 1 November 2005 by £4,856,000 and increased turnover for the year ended 31 October 2006 by £889,000.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

2. Significant accounting policies (continued)

1. *Subsidiary undertakings*

Investments in subsidiary undertakings are accounted for at cost unless they are classified as held for resale

2. *Intangible assets – goodwill*

Goodwill arising on an acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is recognised as an asset, and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Company's income statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

3. *Property, plant and equipment*

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are charged to the income statement as incurred.

Depreciation on property, plant and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

Freehold buildings	60 years
Short leasehold properties	Period of lease
Other fixed assets	4 to 10 years

4. *Revenue recognition and associated costs*

Revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Revenue and direct expenses relating to inclusive tours arranged by the Company's leisure travel providers, travel agency commission, insurance and other incentives, are taken to the income statement on holiday departure. Other revenue and associated expenses are taken to the income statement as earned or incurred.

5. *Income statement presentation*

Profit or loss from operations includes the results from operating activities of the Company. It is stated before the results of investing activities such as the disposal of subsidiaries or joint ventures.

Exceptional items are items that are unusual because of their size, nature or incidence and which the Company's management consider should be disclosed separately to enable a full understanding of the Company's results.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

2. Significant accounting policies (continued)

6. *Tax*

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

7. *Pensions*

Pension costs charged against profits in respect of the Company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

8. *Foreign currency*

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is dealt with in the income statement.

9. *Leases*

Leases under which substantially all of the risk and rewards of ownership are transferred to the Company are finance leases, all other leases are operating leases.

Assets held under finance leases are recognised within property, plant and equipment on the balance sheet and depreciated over the shorter of the lease term or their expected useful lives. The interest element of finance lease payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

10. *Derivative financial instruments*

Derivatives are recognised at their fair value and any changes in the fair value are recognised immediately in the income statement.

11. *Share-based payments*

The Company has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 November 2004.

The parent company issues share options to certain employees of the Company as part of their total remuneration.

The fair values of the share options are calculated at the date of grant, using the Black-Scholes option pricing model. These fair values are charged to the income statement on a straight-line basis over the expected vesting period of the options, with a corresponding increase in equity reserves.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

2. Significant accounting policies (continued)

12. *Critical judgments in applying the Company's accounting policies*

In the process of applying the Company's accounting policies, described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements

Residual values of tangible fixed assets

Judgements have been made in respect of the residual values of property, plant and equipment. Those judgements determine the amount of depreciation charged in the income statement.

Recoverable amounts of goodwill and investments

Judgements have been made in respect of the amounts of future operating cash flows to be generated by certain of the Company's businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for goodwill and investments in relation to those businesses.

13. *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Closure provisions

Judgements have been made in respect of the length of time it will take to dispose of the Company's interest in leasehold properties in respect of stores which have ceased trading in order to calculate the provision required on the closure of the stores.

Dilapidations provisions

Judgements have been made in respect of the amounts of future dilapidations claims in order to assess the increase or decrease required to the existing provision.

3. Revenue

An analysis of the Company's revenue is as follows:

	2007 £'000	2006 £'000
Sales of leisure travel services	125,042	118,374

4. Business and geographical segments

The Company has only one principal activity which is the distribution of a range of leisure travel products, including the provision of a bureau de change service, through both a network of high street shops and telephone call centres. All results relate to this activity.

5. Exceptional items

The exceptional item is in respect of the closure of a number of retail stores, and head office redundancies, which have been committed to as at the year end (2006 – in respect of the closure of a number of retail stores).

The exceptional charge includes a provision for the write off of property, plant and equipment in respect of the above mentioned store closures of £2,654,000 (2006 - £1,204,000).

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

6. Disposal of items of property, plant and equipment

The loss on disposal is in respect of the write off of leasehold improvements and fixtures and fittings subsequent to the relocation or closure of retail stores

7 Operating expenses

	2007 £'000	2006 £'000
Selling and marketing costs	8,743	9,847
Administrative expenses	58,822	32,476
Loss on disposal of property, plant and equipment	185	131
	<u>67,750</u>	<u>42,454</u>

8. Finance income

	2007 £'000	2006 £'000
Bank interest receivable	-	69
Interest receivable from group companies	3,300	3,076
	<u>3,300</u>	<u>3,145</u>

9. Finance costs

	2007 £'000	2006 £'000
Interest payable on bank borrowings	12	-
Interest payable to group companies	2,921	1,140
	<u>2,933</u>	<u>1,140</u>

10. Loss from continuing operations before tax

Loss from continuing operations before tax has been arrived at after (crediting)/charging

	2007 £'000	2006 £'000
Net foreign exchange gains	(47)	(187)
Depreciation of property, plant and equipment – owned assets	2,115	2,833
Loss on disposal of property, plant and equipment	185	131
Operating lease rentals payable – other	17,712	20,705
Exceptional operating items (see note 5)	27,614	6,269
Including Impairment of property, plant and equipment	<u>2,654</u>	<u>1,204</u>
Staff costs (see note 11)	45,347	56,680
Auditors' remuneration for audit services (see below)	<u>85</u>	<u>85</u>

Amounts payable to Deloitte & Touche LLP and their associates by the Company in respect of non-audit services were £nil (2006 - £nil)

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

11. Staff costs

The average monthly number of employees (including executive directors) was

	2007 Number	2006 Number
Management and administration	95	181
Sales staff	2,696	3,217
	<u>2,791</u>	<u>3,398</u>
	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	40,401	51,161
Social security costs	4,124	4,549
Other pension costs (see note 29)	822	970
	<u>45,347</u>	<u>56,680</u>

12. Tax

	2007 £'000	2006 £'000
Current tax		
UK corporation tax charge for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and accrual of timing difference	-	-
Adjustment in respect of prior periods	(24,444)	-
Total deferred tax	<u>(24,444)</u>	<u>-</u>
Total tax credit	<u>(24,444)</u>	<u>-</u>

Corporation tax is calculated at 30% (2006 30%) of the estimated assessable result for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Surplus losses of £142.4 million (2006 £138.5 million) are available in the UK for offset against future profits of which £87.3 million (2006 £nil) has been recognised as a deferred tax asset, see note 20.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

12. Taxation (continued)

The credit for the year can be reconciled to the loss per the income statement as follows

	2007 £'000	2007 %	2006 £'000	2006 %
Loss before tax:				
Continuing operations	(14,057)	100	(7,056)	102
Discontinued operations	-	-	145	(2)
	<u>(14,057)</u>	<u>100</u>	<u>(6,911)</u>	<u>100</u>
Expected tax credit at the UK corporation tax rate of 30% (2006 30%)	(4,217)	(30)	(2,073)	(30)
Tax effect of expenses that are not deductible in determining taxable profit	1,493	11	510	6
Capital allowances in excess of depreciation	324	2	1,077	14
Adjustments in respect of prior periods	-	-	-	-
Deferred tax not previously recognised	(24,444)	(174)	-	-
Group Relief surrendered for no consideration	2,400	17	486	10
	<u>(24,444)</u>	<u>(174)</u>	<u>-</u>	<u>-</u>
Tax credit and effective tax rate for the year				

13. Discontinued Operations

On 31 October 2006, Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited) entered into a sale agreement to dispose of Business Travel Management, which carried out all of the company's business travel operations. The disposal was effected in order to transfer the operations of Business Travel Management to BCT Travel Group Limited, a Group company whose activities as a tour operator are more closely aligned with those of Business Travel Management. The disposal was completed on 1 November 2006, on which date control of Business Travel Management passed to the BCT Travel Group Limited.

The results of the discontinued operations which have been included in the consolidated income statement were as follows

	2007 £'000	2006 £'000
Revenue	-	2,453
Expenses	-	(2,336)
Interest income	-	28
	<u>-</u>	<u>145</u>
Profit before tax	-	145
Attributable tax expense	-	-
	<u>-</u>	<u>-</u>
Profit on disposal of discontinued operations	-	-
Attributable tax expense	-	-
	<u>-</u>	<u>-</u>
Net profit attributable to discontinued operations	<u>-</u>	<u>145</u>

During the year, Business Travel Management contributed £nil (2006 £117,000) to the company's net operating cash flows, paid £nil (2006 £28,000) in respect of investing activities and paid £nil (2006 £nil) in respect of financing activities.

No profit arose on the disposal of Business Travel Management, being the proceeds of disposal less the carrying amount of the business's net assets and attributable goodwill.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

13. Discontinued operations (continued)

On 1 November 2006, the company disposed of its interest in Business Travel Management. The net assets of in Business Travel Management as at the date of disposal and as at 31 October 2006 were as follows

	1 November 2006 £'000	31 October 2006 £'000
Property, plant and equipment	87	87
Trade receivables	2,446	2,446
Bank balances and cash	175	175
Trade payables	(1,700)	(1,700)
	<u>1,008</u>	<u>1,008</u>
Gain on Disposal	-	
Total consideration	<u>1,008</u>	
Satisfied by		
Cash	-	
Deferred consideration	<u>1,008</u>	
	<u>1,008</u>	
Net cash outflow arising on disposal		
Cash consideration	-	
Cash and cash equivalents disposed of	<u>(175)</u>	
	<u>(175)</u>	

The deferred consideration will be left outstanding on inter-company loan between the seller and the buyer, such amount being payable on demand from the seller

14. Dividends

There were no dividends paid or proposed during the year ended 31 October 2007 (2006 – £nil)

15. Intangible assets - Goodwill

	£'000
Cost	
At 1 November 2005	135
Transfer from investments	12,357
At 31 October 2006	<u>12,492</u>
At 31 October 2007	<u>12,492</u>
Carrying Amount	
At 31 October 2006 and 31 October 2007	<u>12,492</u>

In accordance with accounting standards, the Company annually tests the carrying value of goodwill for impairment. At 31 October 2007, the review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the net present value of future cash flows derived from those assets, using cash flow projections in respect of periods to 2022 discounted at 9% (2006 9%)

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

15. Intangible assets – Goodwill (continued)

The key assumptions used in the value in use calculations are those regarding the discount rates, revenue and cost growth rates and the level of capital expenditure required during the period. The Company prepares cash flow forecasts derived from the most recently approved annual budget. The cash flow forecasts reflect the risk associated with each asset. Cash flow forecasts for years beyond 2007 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets.

The transfer from investments represents the trade and assets of Late Escapes Limited, W McCalla & Company Limited and Winston Rees (World Travel) Limited which were transferred to the company. £12,357,000 was transferred from investments to goodwill representing the cost of the assets transferred excluding the net assets remaining within the subsidiaries.

16. Property, plant and equipment

	Freehold land and buildings £'000	Short leaseholds £'000	Other £'000	Total £'000
Cost or valuation				
At 1 November 2005	48	27,049	9,768	36,865
Additions	-	722	964	1,686
Disposals	-	(2,021)	(804)	(2,825)
At 31 October 2006	48	25,750	9,928	35,726
Additions	-	879	730	1,609
Disposals	-	(8,465)	(2,868)	(11,333)
Disposal of division	-	(194)	(106)	(300)
At 31 October 2007	48	17,970	7,684	25,702
Accumulated depreciation and impairment				
At 1 November 2005	14	18,194	6,204	24,412
Charge for the year	1	2,014	818	2,833
Impairment loss	-	-	898	898
Disposals	-	(1,716)	(670)	(2,386)
At 31 October 2006	15	18,492	7,250	25,757
Charge for the year	1	1,495	619	2,115
Impairment loss	-	205	455	660
Reclassification	-	627	(627)	-
Disposals	-	(6,852)	(1,960)	(8,812)
Disposal of division	-	(140)	(73)	(213)
At 31 October 2007	16	13,827	5,664	19,507
Carrying amount				
At 31 October 2007	32	4,143	2,020	6,195
At 31 October 2006	33	7,258	2,678	9,969

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

17. Investments

	£'000	
Cost		
At 1 November 2005		13,108
Transfer to investments		(12,357)
		<u>751</u>
At 31 October 2006 and 31 October 2007		<u>751</u>
	2007	2006
	£'000	£'000
Investments in subsidiary undertakings		
Cost		
Going Places Limited	29	29
Late Escapes Limited	503	503
W McCalla & Company Limited (registered in Northern Ireland)	100	100
Winston Rees (World Travel) Limited	117	117
Holidayline Limited	2	2
	<u>751</u>	<u>751</u>
Total	<u>751</u>	<u>751</u>

The above companies are wholly owned subsidiary undertakings and unless otherwise stated are registered in England and Wales. None of these companies traded during the year.

18. Trade and other receivables

	2007	2006
	£'000	£'000
Current assets		
Trade receivables	3,614	5,144
Deposits and prepayments	8,549	10,240
Other receivables	307	370
Amounts due from Group undertakings	118,662	166,548
	<u>131,132</u>	<u>182,302</u>

Customers are required to pay for their holiday 12 weeks prior to departure. The average customer books a holiday 20 weeks prior to departure, at which time a deposit is payable. No interest is charged on receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods of £159,211 (2006: £160,197). This allowance has been determined by reference to past default experience.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

18. Trade and other receivables (continued)

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

19. Trade and other payables

	2007 £'000	2006 £'000
Current liabilities		
Trade payables	91,407	100,671
Social security and other taxes	-	1
Accruals and deferred income	5,580	11,827
Other payables	245	485
Amounts due to Group undertakings	35,965	58,869
Amounts due to subsidiary undertakings	4,860	4,860
	<u>138,057</u>	<u>176,713</u>
Non-current liabilities		
Accruals and deferred income	-	6,921
	<u>-</u>	<u>6,921</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 79 days (2006 - 49 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.

20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior periods:

	Total £'000
At 1 November 2005	-
At 31 October 2006	-
Credit to income	(24,444)
Asset at 31 October 2007	<u>(24,444)</u>

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

20. Deferred tax (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes

	2007 £'000	2006 £'000
Deferred tax liabilities	-	-
Deferred tax assets	24,444	-
Total	24,444	-

In addition to the deferred tax asset of £24.4 million that has been recognised in relation to losses at the balance sheet date the Company had unrecognised tax losses of £55.1 million (2006 £138.5 million) and other short term timing differences of £5.7 million (2006 £26.5 million) available for offset against future profits

21. Provisions

	Closure Costs £'000	Redundancy Costs £'000	Dilapidation provisions £'000	Total £'000
At 1 November 2006	10,109	-	2,624	12,733
Additional provisions in the year	24,111	3,222	173	27,506
Utilisation of provisions	(9,270)	-	(440)	(9,710)
Unused amounts released in year	(4,202)	-	(542)	(4,744)
At 31 October 2007	20,748	3,222	1,815	25,785
Included in current liabilities				21,494
Included in non-current liabilities				4,291
				25,785

The provision for closure costs is in respect of the closure of a number of retail stores which have been committed to as at the year end

The provision for redundancy costs is in respect of head office redundancies which have been committed to as at the year end

The dilapidation provision is based on management estimates and costed dilapidations schedules from external building surveyors in respect of leased properties

22. Called-up share capital

	2007 £'000	2006 £'000
Authorised:		
130,000,000 (2006 - 130,000,000) ordinary shares of £1 each	130,000	130,000
Issued and fully paid:		
130,000,000 (2006 - 130,000,000) ordinary shares of £1 each	130,000	130,000

The Company has one class of ordinary shares which carry no right to fixed income

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

23 Share premium account

	£'000
Balance at 1 November 2005	-
Premium arising on issue of equity shares	50,000
Balance at 31 October 2006 and 31 October 2007	<u>50,000</u>

24. Retained earnings

	£'000
Balance at 1 November 2005 as previously reported	(165,158)
Prior year adjustment (note 2)	(4,856)
Balance at 1 November 2005 restated	(170,014)
Loss for the year	(6,911)
Credit to equity for share-based payments	22
Balance at 31 October 2006	(176,903)
Profit for the year	10,387
Credit to equity for share-based payments	20
Balance at 31 October 2007	<u>(166,496)</u>

25. Notes to the cash flow statement

	2007 £'000	2006 £'000
Loss from continuing operations	(14,424)	(9,061)
Profit from discontinued operations	-	117
Adjustments for		
Depreciation of property, plant and equipment	2,115	2,833
Impairment of property, plant and equipment	660	898
Loss on disposal of property, plant and equipment	185	131
Write off of fixed assets included in Exceptional Charge	1,994	308
Write off of fixed assets (other)	342	-
IFRS 2 share option costs	20	22
Increase/(decrease) in provisions	13,052	(3,960)
Operating cash inflows/(outflows) before movements in working capital	3,944	(8,712)
Decrease/(increase) in receivables	49,732	(65,026)
(Decrease)/increase in payables	(53,736)	16,535
Cash outflow used in operating activities	(60)	(57,203)
Income taxes paid	-	-
Net cash outflow from operating activities	<u>(60)</u>	<u>(57,203)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

26. Contingent liabilities

At 31 October 2007 there were contingent liabilities under counter indemnities given in the normal course of business amounting to £7,300,000 (31 October 2006 - £9,030,000), of which £7,300,000 (31 October 2006 - £7,600,000) related to an ABTA bond and nil (31 October 2006 - £1,430,000) related to an IATA bond in respect of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

27. Operating lease arrangements

The Company as lessee

	2007 £'000	2006 £'000
Minimum lease payments under operating leases recognised in income for the year	17,712	20,705

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2007 £'000	2006 £'000
Within one year	16,676	19,066
In the second to fifth years inclusive	45,428	56,413
After five years	31,426	49,309
	<u>93,530</u>	<u>124,788</u>

Operating lease payments represent rentals payable by the Company for certain of its retail stores. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 5 years

The Company as lessor

Property rental income earned during the year was £828,371 (2006 £1,049,000)

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments

	2007 £'000	2006 £'000
Within one year	798	713
In the second to fifth years inclusive	1,552	1,740
After five years	359	493
	<u>2,709</u>	<u>2,946</u>

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

28. Share based payments

Equity-settled share option scheme

Certain of the Company's employees have been granted options to subscribe for ordinary shares of the ultimate parent undertaking, Thomas Cook Group plc. Options are exercisable at a price equal to the average quoted market price of Thomas Cook Group plc shares on the date of grant. The vesting period is between one and four years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the share options outstanding during the year are as follows

	<u>2007</u>		<u>2006</u>	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of year	148,005	1.73	341,098	1.57
Exercised during the year	(148,005)	1.73	(193,093)	1.44
Outstanding at end of the year	-	-	148,005	1.73
Exercisable at end of the year	-	-	62,731	1.96

The weighted average share price at the date of exercise for share options exercised during the year was £3.10 (2006 £2.18)

There were no non-vested options outstanding at 31 October 2007

No options were granted during the year

The Group has used the Black-Scholes option pricing model to determine the expense to be recognised in respect of share options

The inputs into the Black-Scholes model are as follows

	<u>2007</u>	<u>2006</u>
Weighted average share price and exercise price	157p	157p
Expected volatility	35%	35%
Expected life	2.2 years	2.2 years
Risk-free rate	4.67%	4.67%
Expected dividends	Nil	Nil

Expected volatility was determined by reference to market expectations for the leisure travel industry. The recent history of the Thomas Cook Group has been such that the historical volatility of the Thomas Cook Group plc share price was not considered to be a reliable basis for estimating future volatility. The expected life used in the model is a weighted average based on management's best estimate, taking into account the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Company recognised total expenses of £20,000 (2006 £22,000) related to equity-settled share-based payment transactions during the year relating to the above scheme.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

29. Retirement benefit schemes

Defined contribution scheme

The Thomas Cook Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in funds under the control of trustees. The total cost charged to income of £822,000 (2006 £970,000) represents contributions payable to this scheme by the Company at rates specified in the rules of the scheme. As at 31 October 2007, contributions of £nil (2006 £nil) due in respect of the current reporting period had not been paid over to the scheme.

30. Events after the balance sheet date

With effect from 1 November 2007, the Company purchased all of the issued share capital of Retail Travel Limited (formerly Thomas Cook Retail Limited). Immediately following the purchase of the shares in Retail Travel Limited (formerly Thomas Cook Retail Limited), the company purchased all of the business, trade, assets and liabilities of that company.

On 1 November 2007 Going Places Leisure Travel Limited changed its name to Thomas Cook Retail Limited.

31. Related party transactions

Transactions between the Company and other members of the Thomas Cook Group are disclosed below.

Trading transactions	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2007	2006	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Parent and fellow subsidiaries	-	-	-	-	118,662	166,548	40,825	63,729

The Company's revenue represents the aggregate amount of travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Only the commission receivable element of a holiday payment is recognised in the income statement - the balance of the amount payable by the customers is collected by the Company on behalf of the travel provider and is not included in either purchases or sales.

The Company had no sales of goods to related parties during the year (2006 £nil). The only purchase of goods from related parties is the payment of a management charge to MyTravel UK Limited of £24,861,000 (2006 £18,712,000) in respect of services provided by the group, including information technology, legal, human resources, finance and an apportionment of the cost of outsourcing certain support services.

Transactions in derivative instruments are at market rates.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

31. Related party transactions (continued)

Other trading transactions

During the year, the Company did not enter into any transactions (2006 £nil) with related parties who are not members of the Thomas Cook Group

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*

	2007 £'000	2006 £'000
Short-term employee benefits	286	269
Post-employment benefits	25	28
Termination benefits	545	-
Share-based payment	20	22
	<u>876</u>	<u>319</u>

Pensions

The number of directors who were members of pension schemes was as follows

	2007 Number	2006 Number
Defined contribution schemes	<u>2</u>	<u>3</u>

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2007 £'000	2006 £'000
Short-term employee benefits	148	146
Post-employment benefits	14	17
Termination benefits	296	-
	<u>458</u>	<u>163</u>

Directors' transactions

There were no loans, quasi-loans or other transactions with directors (or other key management personnel) which would need to be disclosed under the requirements of Schedule 6 of the Act and IAS 24

Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited)

Notes to the financial statements Year ended 31 October 2007

32. Ultimate controlling party

At 1 November 2006, the company was a wholly-owned subsidiary of MyTravel Group plc. On 12 February 2007, the board of MyTravel Group plc, the ultimate parent company, announced that they had agreed the terms of a recommended merger with Thomas Cook AG. This transaction completed on 19 June 2007. On 19 June 2007, MyTravel Group Plc completed a merger transaction with Thomas Cook AG, as a result of which the enlarged group is owned 52% by Arcandor AG and 48% by the shareholders of MyTravel Group plc (calculated on a fully diluted basis). At 31 October 2007 the company was a wholly-owned subsidiary of Thomas Cook Group plc, a company which is registered in England and Wales. The largest and smallest group in which the results of the company were consolidated was that headed by Thomas Cook Group plc. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at The Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB.

As part of this transaction, all parties entered into a relationship agreement which enshrined the principle agreed between the parties that, following completion of the transaction, the enlarged group will operate independently from Arcandor AG and in accordance with the highest standards of corporate governance best practice. It also sets out the agreement of the parties regarding the composition of the Board of the enlarged group, Thomas Cook Group plc.

On the basis of the detailed provisions of the relationship agreement, following the merger transaction the directors consider Arcandor AG to be the Company's ultimate controlling party, albeit that this agreement places restrictions on the ability of Arcandor AG to exercise the voting rights associated with its 52% holding in Thomas Cook Group plc. Arcandor AG is incorporated in Germany.