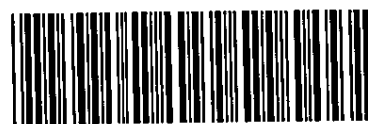


Retail Travel Limited
(formerly Thomas Cook Retail Limited)
Annual Report
for the year ended 31 October 2007

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Retail Travel Limited
(formerly Thomas Cook Retail Limited)
Annual Report
for the year ended 31 October 2007
Contents

Directors and advisors	3
Directors' report	4
Independent auditors' report	8
Profit and loss account	10
Statement of total recognised gains and losses	11
Balance sheet	12
Cash flow statement	13
Notes to the financial statements	14

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Directors and advisors for the year ended 31 October 2007

Directors

Ian Ailles (resigned 1 March 2007)
Manny Fontenla-Novoa
David Michael William Hallisey
Mark James St John Nancarrow (appointed 13 June 2007)
Simon Lee Robinson (appointed 13 June 2007)
Melanie Whitehouse (appointed 13 June 2007)

Secretary

Shirley Bradley

Registered Office

The Thomas Cook Business Park
Coningsby Road
Peterborough
PE3 8SB

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

HSBC Plc
PO Box 125
8 Canada Square
London
E14 5HQ

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Directors' report for the year ended 31 October 2007

The directors present their report and the audited financial statements for the year ended 31 October 2007

Principal activity

The main trading activities of the company during the period were as a travel agent and bureaux de change operator in the United Kingdom and Ireland. The directors consider these activities to comprise a group of inter-related businesses.

Business review & activities

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

Subsequent to the year end the company's name was changed from Thomas Cook Retail Limited to Retail Travel Limited. At the same time, there was a group reorganisation in which the ownership of the company was transferred to Going Places Leisure Travel Limited which was then renamed Thomas Cook Retail Limited.

Retail Travel Limited (formerly Thomas Cook Retail Limited) is a wholly owned subsidiary of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited), which in turn is a wholly owned subsidiary of the ultimate parent Thomas Cook Group plc.

The results for Retail Travel Limited (formerly Thomas Cook Retail Limited) show a pre tax loss of £12.7 million (2006 profit £17.7 million) for the year and sales of £285.6 million (2006 £284.6 million). Net cash outflow from operating activities for 2007 was £13.7 million (2006 cash inflow £7.5 million).

Business environment

Following a year of significant consolidation within the UK travel industry, two major vertically integrated operators now operate within the market:

- Thomas Cook Group PLC
- TUI Travel PLC

Thomas Cook Group PLC formed upon the merger of Thomas Cook AG and MyTravel PLC and TUI Travel PLC was formed shortly after, following a merger of First Choice PLC and the travel businesses of TUI AG.

Although the range and severity of external forces was much reduced on the previous financial year, 2007 still saw a number of issues:

- continued volatility in oil prices,
- interest rate rises and growing consumer uncertainty,
- continued growth in 'component travel', and
- changes in legislation relating to Air Passenger Duty "APD" levied on all carried passengers where the lack of a lead in time to implementation meant the company bore the cost of APD for passengers who were booked at that date.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Directors' report for the year ended 31 October 2007 (continued)

Strategy

Thomas Cook Retail Limited's strategy going forward is to

- Continue to maintain a strong high street presence
- Further develop the foreign exchange business by re-entering the airport foreign exchange market place

Risks & uncertainties

The UK group have identified a number of risks and uncertainties that could potentially damage the current business model and future growth opportunities

- Geo-political events and natural disasters – The nature of our business operations exposes the group to a wide range of geo-political risks and potential natural disaster scenarios. To counter this the group operates a flexible business model with the ability to shift capacity amongst destinations where necessary
- Information Technology – IT plays a major role in day to day operations, the group recognises this importance and invests accordingly in systems to ensure an efficient and reliable service is maintained
- Financial risk - the group is primarily exposed to the two key financial risk areas of fuel prices and foreign currency exchange rates. We manage both of these risks appropriately through the use of various hedging instruments in accordance with policies that have been agreed with TCAG. The objective of the foreign currency hedging policy is to minimise the potential exposure arising from any market change in exchange rates following the production of leisure travel brochures. Appropriate fuel hedges are established in order to minimise the potential exposure arising from any market fuel price movements following the time that flight schedules are fixed
- Environmental risk – As a major tour operator we use aircraft to take people on holidays sometimes to countries where tourism is just developing. We take our corporate and social responsibilities very seriously. We operate a modern efficient airline and work with authorities and local suppliers in destinations to ensure that any environmental impact is minimised
- Synergy Delivery risk – There is a risk associated with the delivery of synergies in terms of anticipated timeframes and overall value and either of these will impact the profitability of the Group going forward. There is also a risk that the costs associated with the merger will exceed the estimated amount (see above)

KPI's

The Company is a wholly owned subsidiary of Thomas Cook Group plc and operates as part of the Group's UK division. Thomas Cook Group plc manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK division of Thomas Cook Group plc, which includes this Company, is discussed in the Group's Annual Report, which does not form part of this Report.

Policy on payment of creditors

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been met. At 31 October 2007 the Company had an average of 19 days (2006: 19 days) purchases outstanding in trade creditors.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Dividends

The directors do not recommend the payment of a dividend (2006 £9,339,000)

Directors and their interests

The directors of the company at 31 October 2007, all of whom have been directors for the whole of the period except where indicated, are listed on page 3

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

Equal opportunities

The company's policy is not to discriminate against anyone, on any grounds. Training is provided and available to all levels of staff, and investment in employee development continues to be a priority. Within this policy, the company gives full considerations to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employees

The company is committed to employee involvement because business objectives are best achieved if the company's staff understand and support the company's strategy and encourages the involvement of employees in the company's performance. Staff members are kept informed of performance and achieve a common awareness of the financial and economic factors that affect the performance of the company, through regular briefing meetings, supplemented by a range of staff magazines. Surveys are held regularly as a means of measuring the effectiveness of the ways in which staff are managed.

Charitable and political donations

During the year the company made donations of £3,083 in the UK for charitable purposes (2006 £18,903). No donations were made for political purposes.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Directors' report for the year ended 31 October 2007 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In accordance with Section 234ZA of the Companies Act, in the case of each of the persons who are directors at the time of when the report is approved, the following applies:

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

Auditors

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

By order of the Board



Shirley Bradley
Company Secretary
18th February 2008

Retail Travel Limited (formerly Thomas Cook Retail Limited)

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

We have audited the financial statements of Retail Travel Limited (formerly Thomas Cook Retail Limited) for the year ended 31 October 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its loss and cash flows 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


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

18th February 2008.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Profit and loss account for the year ended 31 October 2007

	Note	2007 £'000	2006 £'000
Turnover	2	285,628	284,588
Cost of sales		(270,210)	(239,882)
Exceptional items		-	(2,200)
Total cost of sales		(270,210)	(242,082)
Gross profit		15,418	42,506
Net operating expenses	3	(24,919)	(32,136)
Exceptional items	4	(16,142)	7,798
Operating (loss)/profit		(25,643)	18,168
Interest receivable and similar income	5	8,853	33
Interest payable and similar charges	5	(50)	(39)
Other finance income/(costs)	25	4,136	(460)
(Loss)/profit on ordinary activities before taxation	6	(12,704)	17,702
Tax on (loss)/profit on ordinary activities	9	2,175	(8,906)
(Loss)/profit for the financial year		(10,529)	8,796
Dividends	10	-	(9,339)
Retained (loss) for the financial year	21	(10,529)	(543)

All activities relate to continuing operations

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Statement of total recognised gains and losses

	Note	2007 £'000	2006 £'000
(Loss)/profit for the financial year	22	(10,529)	8,796
Exchange adjustment offset in reserves		(24)	8
Actuarial gain/(loss) on pension scheme	25	23,842	(5,980)
Movement on deferred tax relating to pension deficit	19	(7,075)	1,794
Current tax credit relating to pension payment		3,174	3,174
Movement on deferred tax relating to pension payment	19	(3,174)	(3,174)
Total recognised gains and losses for the year		6,214	4,618

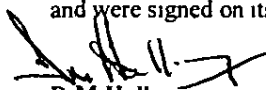
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

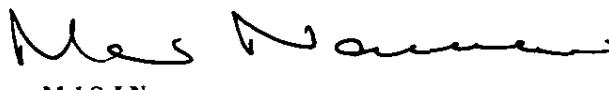
Retail Travel Limited (formerly Thomas Cook Retail Limited)

Balance sheet as at 31 October 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	11	56,112	51,171
Investments	12	21	21
		56,133	51,192
Current assets			
Stock		9	21
Debtors			
- Due within one year (including a deferred tax asset of £5,102,000, 2006 £3,174,000)	13	102,140	111,729
- Due after one year (including a deferred tax asset of £5,171,000, 2006 £8,177,000)	13	5,171	8,177
Short term investments	14	563	1,474
Cash at bank and in hand		194,359	213,483
		302,242	334,884
Creditors: amounts falling due within one year	15	(318,758)	(335,172)
Net current liabilities		(16,516)	(288)
Total assets less current liabilities		39,617	50,904
Creditors: amounts falling after more than one year	16	(70,500)	(70,000)
Provisions for liabilities and charges	18	(16,655)	(9,218)
Net liabilities excluding pension liability		(47,538)	(28,314)
Pension liability (net of deferred tax)	25	(2,769)	(28,207)
Net liabilities including pension liability		(50,307)	(56,521)
Capital and reserves			
Called up share capital	20	1,000	1,000
Profit and loss account	21	(51,307)	(57,521)
Total shareholders' deficit	22	(50,307)	(56,521)

The financial statements on pages 10 to 33 were approved by the board of directors on 18th February 2008 and were signed on its behalf by


D M Hallisey
Director


M J S J Nancarrow
Director

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Cash flow statement as at 31 October 2007

	Note	2007 £'000	2006 £'000
Net cash (outflow)/inflow from operating activities	23	(13,659)	7,491
Returns on investments and servicing of finance			
Interest received		8,818	14
Interest paid		(15)	(20)
Net cash inflow/(outflow) from returns on investments and servicing of finance		8,803	(6)
Taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(15,688)	(9,586)
Sale of tangible fixed assets		9	8,867
Net cash outflow for capital expenditure and financial investment		(15,679)	(719)
Equity dividends paid		-	(9,339)
Net cash outflow before use of liquid resources and financing		(20,537)	(2,573)
Management of liquid resources			
Decrease/(increase) in short term investments		911	(741)
Financing			
Movement on intercompany loan balance		500	-
Decrease in net cash		(19,124)	(3,314)
Reconciliation of net cash flow to movement in net funds			
		2007 £'000	2006 £'000
Decrease in net cash		(19,124)	(3,314)
Cash inflow/(outflow) from decrease in liquid resources		(911)	741
Other non-cash changes		-	13
Movement in net funds for the period		(20,035)	(2,560)
Net funds at 1 November	24	214,957	217,517
Net funds at 31 October	24	194,922	214,957

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements

1 Accounting policies

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The financial statements have been prepared on a going concern basis. The financial statements contain information about Retail Travel Limited (formerly Thomas Cook Retail Limited) as an individual company. 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 parent, Thomas Cook Group plc, a company incorporated in England and Wales. Adequate bank facilities have been obtained and the directors of Thomas Retail Travel Limited (formerly Going Place Leisure Travel Limited) intend to make sufficient amounts available to the company to enable it to meet its liabilities as they fall due and to continue as a going concern.

Turnover

Turnover can be split into two areas:

- sale of package holidays and other services supplied to customers in the ordinary course of business, gross of agents' commissions
- commissions on travel arrangements, insurance, travellers cheques, foreign exchange commissions and margins on the sale of currencies

Revenues and associated expenses are taken to the profit and loss account on flight or holiday departure date basis for travel arrangements and insurance and on customer payment for travellers cheques and foreign exchange.

Cost of sales

Cost of sales includes all direct staff costs, marketing, training and recruitment costs and the costs of operating retail shops.

Administrative expenses

Administrative expenses include finance and general administrative services.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on a straight-line basis to write off the cost, less estimated residual value of each asset, over their expected useful economic lives. The principal annual rates used for this purpose are

Freehold buildings	2% per annum
Long leasehold properties	2% per annum
Short leasehold properties	10% per annum or the life of the lease, whichever is the shorter
Furniture & fixtures	20-50% per annum
Equipment	25% per annum
Software	20% per annum
Leasehold improvements	20% per annum
Motor vehicles	20% per annum

In accordance with FRS 11, 'Impairment of fixed assets and goodwill' fixed assets are reviewed for impairment where there is any indication that an impairment has occurred.

Operating leases, finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their anticipated useful lives in line with the rates described above. The capital elements of rental obligations are shown as obligations under finance leases. The interest element of the rental obligations is charged to the profit and loss account to give a constant periodic rate of charge. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability either in the period in which the dividends are approved by the company's shareholders or, in the case of interim dividends when the dividend is paid.

Fixed asset investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value.

Stock

Stock is stated at the lower of cost or net realisable value. In general, cost is determined on a first in first out basis and provision is made for obsolete, slow moving and defective stock. Net realisable value is based on estimated selling price less further costs to completion and sale.

Short term investments

Bank deposits, which are not repayable on demand without penalty are treated as short term investments in accordance with FRS 1 (revised 1996) 'Cash Flow Statements'. Movements in such investments are included under 'management of liquid resources' in the company's cash flow statement.

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future, in accordance with FRS 19 'Deferred Tax'. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions. 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. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

1 Accounting policies (continued)

Related party transactions

The company is a wholly owned subsidiary of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited) and is included in the consolidated financial statements of Thomas Cook Group plc, which are publicly available. Consequently, 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 Group plc group or investees of the Thomas Cook Group plc group.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. The profit and loss account is translated at average rates of exchange, except where income is matched with forward currency transactions. Where the underlying transaction is hedged, results are translated at the contract rate, with the difference between the average and contract rate taken to the profit and loss account, and the difference between the average rate and closing rate dealt with in reserves.

Translation differences arising from the application of closing rates of exchange to the opening net assets held overseas are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in operating profit.

Pension scheme arrangements

Under FRS17, the amount charged to operating profit in the profit and loss account in respect of pension costs is the current service cost of providing benefits accrued in the period as calculated by the scheme's actuary. In addition, the profit and loss account includes a charge for finance costs in respect of the unwinding of the discount applied to the scheme's liabilities. Actuarial gains and losses are included in the statement of total recognised gains and losses. The pension fund balances are shown net of deferred tax, in accordance with FRS17.

The company provides no other contractual post retirement benefits to its employees.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover and segmental analysis

The main trading activities of the company are that of a travel agent and bureaux de change operator. The directors consider these activities to comprise a group of inter-related businesses. A geographical analysis of turnover has not been provided since turnover is all originated from the UK and Ireland, which is considered to be one geographical segment.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

3 Net operating expenses

	2007 £'000	2006 £'000
Administrative expenses	(24,919)	(32,136)

4 Exceptional items

Exceptional items in the year of £16,142,000 debit (2006 £7,798,000 credit) comprises integration costs of £15,368,000 debit (2006 nil), legal fees relating to irrecoverable air passenger duty of £124,000 debit (2006 nil), costs relating to Flexitrips of £237,000 debit (2006 nil) other redundancy and restructuring costs of £413,000 debit (2006 £2,000,000) and the pension commutation profit of nil (2006 £9,798,000) see note 25

5 Interest

	2007 £'000	2006 £'000
Interest receivable		
Interest receivable on bank deposits and money market instruments	11	13
Interest receivable from group companies	35	19
Other interest receivable	8,807	1
	8,853	33
Interest payable		
Interest payable to group companies	(35)	(19)
Other interest payable	(15)	(20)
	(50)	(39)

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

6 Loss on ordinary activities before taxation

	2007 £'000	2006 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets (see note 11):		
- Owned	12,812	14,108
- Assets held under finance leases	-	4
Operating lease rentals		
- Land & buildings	41,443	36,874
- Computer and other equipment	2,893	1,824
Profit on disposals		
- Tangible fixed assets	(2)	(4,287)
Auditors remuneration		
- Fees payable to the company's auditor for the audit of the company's annual accounts	102	106
Government grants received		
- Falkirk grant	(101)	(101)

Auditors' remuneration for the group and the cost of the group's operating lease commitments are borne by Retail Travel Limited (formerly Thomas Cook Retail Limited) and then recharged to other group entities

Fees paid to the Company's auditors PricewaterhouseCoopers LLP, for services other than the statutory audit of the Company are not disclosed in Retail Travel Limited's accounts since the consolidated accounts of Thomas Cook Group plc are required to disclose non-audit fees on a consolidated basis

7 Employee information

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

	2007 Number	2006 Number
By geographical location		
United Kingdom	6,315	6,750
Overseas	50	50
	6,365	6,800

All of these employees were employed within the travel business

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

7 Employee information (continued)

	2007 Number	2006 Number
By activity		
Selling	4,864	5,236
Administration	1,501	1,564
	6,365	6,800

	2007 £'000	2006 £'000
Staff costs (for the above persons)		
Wages and salaries	99,754	97,991
Social security costs	7,337	7,772
Pension commutation (see note 25)	-	(9,798)
Pension service costs (see note 25)	8,084	7,958
Other pension costs	2,431	1,160
	117,606	105,083

Employment contracts of all employees are held by Retail Travel Limited (formerly Thomas Cook Retail Limited)

8 Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	656	282
Company pension contributions to money purchase schemes	-	4
	656	286

Retirement benefits accrued to one (2006 two) directors under the defined benefit schemes in operation during the year. The highest paid directors' emoluments and other benefits amounted to £349,763 (2006 £216,320) and company pension contributions to money purchase schemes amounted to nil (2006 £2,942). Benefits accruing to the highest paid director under the group's financial defined benefit plan at the end of the period were £15,680 (2006 £14,250).

Directors' emoluments are paid by a fellow subsidiary. Where services provided to the company are of a non-executive nature no emoluments are disclosed within the financial statements of the company. Emoluments are disclosed in the financial statements of the group companies where services are performed as an executive director.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

9 Tax on the loss for the year

	2007 £'000	2006 £'000
Current Tax		
UK corporation tax (credit)/charge on the result for the year	(3,717)	8,458
Adjustment in respect of prior year	(219)	(246)
Overseas tax adjustment in respect of prior years	25	-
Total current tax	(3,911)	8,212
Deferred Taxation		
UK – movement in current year (note 19)	1,671	663
UK - movement in prior year (note 19)	65	31
Tax on loss on ordinary activities	(2,175)	8,906

The tax charge for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £'000	2006 £'000
(Loss)/profit on ordinary activities before taxation	(12,704)	17,702
(Loss)/profit on ordinary activities multiplied by the standard rate in the UK of 30% (2006 30%)	(3,811)	5,311
Effects of		
Adjustments to tax in respect of the prior period	(194)	(246)
Expenses not deductible for tax purposes	1,633	1,182
Chargeable gain	-	762
Transfer pricing adjustment	-	3,142
Non-taxable income	(598)	(1,418)
Difference between capital allowances and depreciation	3,501	756
Movements in short term timing differences	(4,442)	(1,277)
Current tax charge for the period	(3,911)	8,212

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

10 Dividends

	2007 £'000	2006 £'000
Dividends on equity shares:		
Interim dividend paid for the year ended 31 October 2007 Nil (2006 £9 339) per £1 share	-	9,339
Total dividends paid	-	9,339

11 Tangible fixed assets

	Land & Buildings £'000	Furniture & Fixtures £'000	Equipment & software £'000	Total £'000
Cost or valuation				
At 1 November 2006	18,096	90,186	76,737	185,019
Additions	-	4,150	12,872	17,022
Intercompany transfer	4	31	4,454	4,489
Disposals	(146)	(3,103)	(335)	(3,584)
At 31 October 2007	17,954	91,264	93,728	202,946
Depreciation				
At 1 November 2006	4,879	69,928	59,041	133,848
Charge for the period	343	3,776	8,693	12,812
Intercompany transfer	4	19	3,728	3,751
Disposals	(125)	(3,136)	(316)	(3,577)
At 31 October 2007	5,101	70,587	71,146	146,834
Net book value				
At 31 October 2007	12,853	20,677	22,582	56,112
At 31 October 2006	13,217	20,258	17,696	51,171

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

The net book value of land & buildings comprises:

	2007 £'000	2006 £'000
Freehold land & buildings	12,749	13,048
Short leaseholds	54	119
Long leaseholds	50	50
	12,853	13,217

Assets held under finance leases and capitalised within tangible fixed assets

	Furniture and fixtures 2007 £'000	Furniture and fixtures 2006 £'000
Cost	303	303
Accumulated depreciation	303	303
Net book value	-	-
Depreciation charge for the year	-	-

12 Fixed asset investments

	Shares in group undertakings £'000
Cost and net book value	
At 1 November 2006 & 31 October 2007	21

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

13 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	21,542	11,968
Amounts owed by parent companies	5,136	-
Amounts owed by fellow subsidiary undertakings	16,123	53,239
Corporation tax	6,889	-
Deferred tax asset (see note 19)	5,101	3,174
Other debtors	8,270	5,885
Prepayments and accrued income	39,079	37,463
	102,140	111,729
Amounts falling due after more than one year		
Deferred tax asset (see note 19)	5,171	8,177
	5,171	8,177

14 Short term investments

	2007 £'000	2006 £'000
Money at call & short notice	563	1,474

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

15 Creditors – amounts falling due within one year

	2007	2006
	£'000	£'000
Trade creditors	108,404	111,479
Amounts owed to parent companies	84,809	134,593
Amounts owed to fellow subsidiary undertakings	48,090	14,311
Amounts owed to subsidiary undertakings	34	34
Corporation tax	-	13,894
Taxation & social security	28,450	25,755
Other creditors	1,000	448
Accruals and deferred income	47,971	34,658
	318,758	335,172

The amounts owed to the fellow subsidiary undertakings are unsecured, interest free and repayable on demand

16 Creditors – amounts falling due after more than one year

	2007	2006
	£'000	£'000
Amounts owed to parent company	70,500	70,000

The £70.5m loan from Thomas Cook UK Limited does not fall due for repayment for at least 12 months after the year end and is interest free. Thereafter it is repayable on demand

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

17 Financial commitments

Annual commitments under non-cancellable operating lease are as follows:

	Land & buildings 2007 £'000	Other 2007 £'000	Land & buildings 2006 £'000	Other 2006 £'000
Operating leases which expire				
Within one year	1,448	489	1,184	489
In the second to fifth years inclusive	12,993	244	10,849	692
In over five years	14,249	-	20,782	-
	28,690	733	32,815	1,181

18 Provisions for liability and charges

	Subsidiary deficits £'000	Other £'000	Total £'000
At 1 November 2006	2,676	6,542	9,218
Additional provision	-	12,111	12,111
Utilised in the year	-	(4,674)	(4,674)
At 31 October 2007	2,676	13,979	16,655

The provision for subsidiary deficits was made against the acquisition of the trade from Thomas Cook Enterprises Limited. Other provisions mainly comprises vacant property expenses, and other retail network related provisions.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

19 Deferred taxation

Movements on the net deferred taxation asset/(liability) are as follows:

	2007 £'000
At 1 November 2006 – as previously reported	23,440
Adjustment to prior year (see note 9)	(65)
Charged to the statement of total recognised gains and losses	(10,249)
Charged to the profit and loss account in current year (see note 9)	(1,671)
At 31 October 2007	11,455

Of the net deferred tax asset of £11,455,000 (2006 £23,440,000), £1,183,000 (2006 £12,089,000) has been deducted in arriving at the net pension liability on the balance sheet of £2,769,000 (2006 £28,207,000), see note 25

Deferred tax assets have been provided in respect of:

	2007		2006	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Deferred tax on pension payment	6,002	-	9,522	-
Deferred tax on pension deficit	1,183	-	12,089	-
Accelerated capital allowances	3,544	-	610	-
Other short term timing differences	726	-	1,219	224
	11,455	-	23,440	224

20 Called up share capital

	2007 £'000	2006 £'000
Authorised		
1,000,000 Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
1,000,000 Ordinary shares of £1 each	1,000	1,000

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

21 Reserves

	Profit and loss account £'000
At 1 November 2006	(57,521)
Exchange adjustments	(24)
Actuarial gain on pension scheme	23,842
Movement on current tax relating to pension scheme	3,174
Movement on deferred tax relating to pension scheme	(10,249)
Retained loss for the year	(10,529)
At 31 October 2007	(51,307)

22 Reconciliation of movements in shareholders' deficit

	2007 £'000	2006 £'000
Shareholders' funds		
Opening Shareholders' deficit	(56,521)	(51,800)
(Loss)/profit for the financial year	(10,529)	8,796
Exchange adjustments	(24)	8
Actuarial gain/(loss) on pension scheme	23,842	(5,980)
Movement on current tax relating to pension scheme	3,174	-
Movement on deferred tax relating to pension scheme	(10,249)	1,794
Dividends	-	(9,339)
Shareholders' deficit at 31 October	(50,307)	(56,521)

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements (continued)

23 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2007 £'000	2006 £'000
Operating profit	(25,643)	18,168
Depreciation of tangible fixed assets	12,812	14,112
Profit on sale of tangible fixed assets	(2)	(4,287)
Difference between pension contribution and service charge	(8,366)	(38,318)
Commutation profit	-	(9,798)
Decrease in stock	12	-
Decrease/(increase) in debtors	18,405	(28,000)
(Decrease)/increase in creditors and provisions	(10,877)	55,608
Exchange adjustments	-	6
Net cash (outflow)/inflow from operating activities	(13,659)	7,491

24 Analysis of net funds

	At 1 Nov 2006 £'000	Cash flow £'000	At 31 Oct 2007 £'000
Cash	213,483	(19,124)	194,359
Short term investments	1,474	(911)	563
	214,957	(20,035)	194,922

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements for the year ended 31 October 2007 (continued)

25 Pensions

Thomas Cook's principal UK Pension Plan is a funded defined benefit arrangement and the assets are held in a separate Trust arrangement. An actuarial valuation by independent professional actuaries is carried out triennially to determine the payments to be made to the Fund. The latest actuarial valuation was made as at 30 June 2005 at which date the market value of the Plan assets was £354,800,000 excluding Additional Voluntary Contributions (AVCs). The information below includes both the principal scheme and the AT Mays pension plan.

Both of the defined benefit schemes are closed to new entrants. Under the projected unit method, the current service cost will increase as the members approach retirement.

Employer pension contributions of £35,000,000 (2006: £100,600,000) were paid to the scheme during the period.

The financial assumptions used to calculate scheme liabilities under FRS17 are as follows:

	2007 % pa	2006 % pa	2005 % pa	2004 %pa	2003 %pa
Inflation rate	3.25	2.9	2.7	2.7	2.5
Discount rate	5.7	4.95	5.1	5.55	5.7
Expected rate of salary increases	4.5	4.15	4.2	4.2	4.0
Rate of pension increases in payment	3.25	2.9	2.7	2.7	2.5
Rate of pension increases in deferment	3.25	2.9	2.7	2.7	2.5

The assets of the schemes and the expected rates of return on these assets were:

	2007		2006		2005		2004		2003	
	Market value	Expected Rate of Return	Market value	Expected Rate of Return	Market value	Expected Rate of Return	Market value	Expected Rate of Return	Market value	Expected Rate of Return
	£'000	% pa	£'000	% pa	£'000	% pa	£'000	% pa	£'000	% pa
Equities	296,469	8.2	257,400	8.7	216,100	8.52	179,300	8.8	176,200	8.5
Hedge Funds	56,400	8.2								
Property	79,700	6.6	53,200	6.3	24,500	6.2	18,400	6.8	-	-
Bonds/Gilts	146,253	5.0	116,900	4.3	111,800	4.3	97,900	4.7	82,300	4.8
Other Assets	15,500	4.25	71,400	7.9	2,400	3.7	2,000	3.7	3,000	
										4
Total	594,322		498,900		354,800		297,600		261,500	

The aggregate liability of the schemes at 31 October 2007 was £604.0 million.

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements for the year ended 31 October 2007 (continued)

25 Pensions (continued)

The amounts charged to the profit and loss account and disclosed in the balance sheet of Retail Travel Limited represent a fair proportion of the total scheme charge and valuation, based on the contributions made by employees of Retail Travel Limited compared to the contributions made by employees of other group companies

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Operating profit					
Current service costs	8,037	7,958	6,578	6,164	5,888
Past service costs	47	-	-	-	46
Introduction of allowance for commutation profit	-	(9,798)	-	-	-
Total operating charge/(credit)	8,084	(1,840)	6,578	6,164	5,934
Other finance expense					
Interest on pension scheme liabilities	13,536	12,420	10,856	9,660	8,326
Expected return on assets in the pension scheme	(17,672)	(11,960)	(10,166)	(8,970)	(7,636)
Net (credit)/charge	(4,136)	460	690	690	690
Total profit and loss (credit)/charge	3,948	(1,380)	7,268	6,854	6,624
Statement of Recognised Gains and Losses					
Actual return less expected return of pension assets	(4,841)	(10,580)	(11,592)	(2,070)	(3,128)
Experience loss on liabilities	564	(736)	(276)	1,058	276
(Gain)/loss on change of assumptions (financial and demographic)	(19,565)	17,296	32,384	11,500	10,856
Total (gain)/loss recognised in Statement of Total Recognised Gains and Losses	(23,842)	5,980	20,516	10,488	8,004

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements for the year ended 31 October 2007 (continued)

25 Pensions (continued)

Based upon the June 2005 valuation, it has been agreed with the trustees that contributions to the PUKP will be made at the rate of 20% of pensionable salaries

	£'000	£'000	£'000	£'000	£'000
Actual return less expected return of scheme assets					
Amount £'000	(4,841)	(10,580)	(11,592)	(2,070)	(3,128)
% of scheme assets at end of period	0.8%	2.1%	3.3%	0.7%	1.2%
Experience (gain)/loss on scheme liabilities					
Amount £'000	564	(736)	(276)	1,058	276
% of scheme liabilities at end of period	0.1%	0.1%	0.1%	0.2%	0.1%
Total actuarial loss recognised in Statement of Total Recognised Gains and Losses					
Amount £'000	(23,842)	5,980	20,516	10,488	8,004
% of scheme liabilities at end of the period	3.9%	1.0%	3.8%	2.4%	2.2%

Balances relating to the principal Thomas Cook UK Pension Plan

	2007	2006	2005	2004	2003
Reconciliation to the balance sheet	£'000	£'000	£'000	£'000	£'000
Market value of scheme assets	573,400	498,900	354,800	297,600	261,500
Actuarial value of scheme liabilities	(582,500)	(586,500)	(533,000)	(430,000)	(372,000)
Deficit in the scheme at the end of the period	(9,100)	(87,600)	(178,200)	(132,400)	(110,500)
Related deferred tax asset	2,584	26,280	53,460	39,720	33,150
Net pension liability	(6,516)	(61,320)	(124,740)	(92,680)	(77,350)

Aggregate liability attributable to Retail Travel Limited

	2007	2006	2005	2004	2003
Deficit in the scheme at the end of the period	(3,952)	(40,296)	(81,972)	(60,904)	(50,830)
Related deferred tax asset	1,183	12,089	24,592	18,271	15,249
Net pension liability	(2,769)	(28,207)	(57,380)	(42,633)	(35,581)

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements for the year ended 31 October 2007 (continued)

25 Pensions (continued)

Analysis of the movement in deficit in the scheme during the period attributable to Retail Travel Limited

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Deficit in the scheme at beginning of period	(40,296)	(81,972)	(60,904)	(50,830)	(43,470)
Contributions paid	16,450	46,276	6,716	7,268	7,268
Current service cost	(8,037)	(7,958)	(6,578)	(6,164)	(5,888)
Past service cost	(47)	-	-	-	(46)
Introduction of allowance for commutation profit	-	9,798	-	-	-
Other finance (charge)/income	4,136	(460)	(690)	(690)	(690)
Actuarial (loss)	23,842	(5,980)	(20,516)	(10,488)	(8,004)
Deficit in the scheme at end of period	(3,952)	(40,296)	(81,972)	(60,904)	(50,830)

26 Contingent liabilities and guarantees

On 27 September 2000 the company entered into an unlimited multilateral guarantee with certain fellow group companies in favour of HSBC Bank plc

The company has given guarantees and counter indemnities to banks, which includes HSBC, totalling £506.0 million (2006 £272.5 million) in respect of total bonding, letter of credit and guarantee facilities provided to fellow subsidiaries of the UK parent company. The company is one of seven guarantors each of which are jointly liable, in respect of the bonding £420.2 million (2006 £256.9 million).

27 Capital commitments

	2007	2006
	£'000	£'000
Authorised and contracted but not provided for	4,335	4,510

Retail Travel Limited (formerly Thomas Cook Retail Limited)

Notes to the financial statements for the year ended 31 October 2007 (continued)

28 Shares in significant group undertakings

Name of company	Country of incorporation	Holding	% held by company	Nature of business
Thomas Cook Wholesale Limited	England & Wales	20,000 – Ordinary shares of £1 each	100%	Transport service provider
Thomas Cook Enterprises Limited	England & Wales	5,000,000 – Ordinary shares of £1 each	100%	Dormant
Hoteltech International Limited	England & Wales	25,500 – Ordinary A shares of £1 each 24,500 – Ordinary B shares of £1 each	100%	Dormant
In Touch (IT) Business Centres Limited	England & Wales	20,000 – Ordinary shares of £1 each 100,000 – Cumulative Participating Redeemable Preference shares of £1 each 46,667 – Cumulative Preferred Ordinary shares of £1 each	100% 100% 100%	Dormant
Thomas Cook GiftBond Limited	England & Wales	2 – Ordinary shares of £1 each	100%	Dormant
Thomas Cook Guernsey Limited	Guernsey	8,000 – Ordinary shares of £1 each	100%	Dormant
Thomas Cook (Jersey) Limited	Jersey	9 – Ordinary shares of £1 each	100%	Dormant

The company is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985, since it is a wholly owned subsidiary of Thomas Cook Group plc, which is incorporated in England and Wales and produces consolidated accounts which are publicly available

29 Events after the balance sheet date

Certain events, which affect the future development of Retail Travel Limited have occurred after the balance sheet date. These are disclosed within the “Future developments” section of the Directors’ report. There are no other post-balance sheet events other than those disclosed in the Directors’ report.

30 Ultimate holding company and ultimate controlling party

The company is a subsidiary of Thomas Cook Retail Limited (formerly Going Places Leisure Travel Limited), which is incorporated in England & Wales. Arcandor AG, incorporated in Germany, is regarded by the directors as the company’s ultimate parent undertaking and ultimate controlling party.

The smallest group in which the results of the company are consolidated is that of which Thomas Cook Group plc is the parent company. The consolidated accounts of Thomas Cook Group plc may be obtained from Thomas Cook Business Park, Coningsby Road Peterborough.