

DRIVELINE EUROPE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2009



Company Registration Number: 2554477

DRIVELINE EUROPE LIMITED

Directors' report

Directors:	I G L Coghlan	(appointed 16 January 2008)
	S M Hooper	(appointed 6 May 2009)
	S M Howard	(appointed 16 January 2008)
	N A Murray	
	J M Parker	(appointed 11 January 2008)
	C D Simmonds	(appointed 11 January 2008)

Secretary:	J Davies	(appointed 11 January 2008)
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Registered Office: The Saga Building, Enbrook Park, Folkestone, Kent CT20 3SE

The Directors submit their report together with the audited financial statements for the period ended 31 January 2009.

Results and dividends

The loss before tax for the period amounted to £163,000 (2007 profit - £37,000). After taxation a loss of £172,000 (2007 profit - £48,000) has been transferred to reserves. No dividends were paid during the period (2007 - £nil).

Principal activity, review of business and future developments

The Company's principal activity is that of tour operator and travel agent, specialising in hotel and transport services. The principal activity of its wholly owned subsidiary, Driveline Travel Limited, is the sale of supplies of flight transport to the Company, under the TOMS VAT Transport Company Scheme.

On 11 January 2008, all of the issued share capital of the Company was acquired by Automobile Association Travel Limited, a subsidiary of Acromas Holidays Limited (formerly Saga Holidays Limited).

The Directors consider the result for the period to be satisfactory and anticipate that in the coming period the Company will continue to invest in the development of its business.

On 13 March 2008 the Company extended its accounting reference date from 31 December to 31 January.

Directors

The Directors of the Company during the period ended 31 January 2009 were those listed above and D Brazier who resigned as Director on 16 January 2008. N Murray resigned as Secretary on 16 January 2008.

DRIVELINE EUROPE LIMITED

Directors' report continued

Statement of directors' responsibilities

The Directors are required by law to prepare financial statements for each financial period which give a true and fair view of the affairs of the Company and of the profit or loss for the period.

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 Directors confirm that the accounting policies are appropriate to the Company's business and have been applied consistently. In preparing the financial statements for the period, the Directors have made reasonable and prudent judgements, have ensured that applicable accounting standards have been followed and confirm that it is appropriate to prepare the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Disclosure of information to the auditors

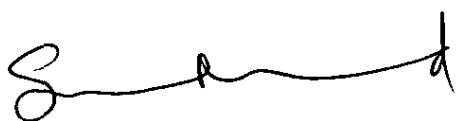
Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

Auditors

On 29 October 2008 White Hart Associates LLP resigned as auditors. Ernst & Young LLP have expressed their willingness to act as auditors.

By order of the Board

A handwritten signature in black ink, appearing to read 'S M Howard', written over a horizontal line.

S M Howard
Director
21 July 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRIVELINE EUROPE LTD

We have audited the Company's financial statements for the period ended 31 January 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Balance Sheet and the related notes 1 to 21. 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 United Kingdom law and 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).

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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:- (a) 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 January 2009 and of its loss for the period then ended; (b) the financial statements have been properly prepared in accordance with the Companies Act 1985; and (c) the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
London

24 July 2009

DRIVELINE EUROPE LIMITED**Profit and loss account for the 13 month period ended 31 January 2009**

	Notes	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
Turnover	2	7,201	5,337
Cost of sales		<u>(5,881)</u>	<u>(4,304)</u>
Gross profit		1,320	1,033
Administrative and marketing expenses		(1,506)	(1,024)
Other operating income	3	27	28
Interest Payable		<u>(4)</u>	<u>-</u>
(Loss) / Profit on ordinary activities before taxation	4	(163)	37
Taxation	8	<u>(9)</u>	<u>11</u>
(Loss) / Profit on ordinary activities after taxation	17	<u>(172)</u>	<u>48</u>

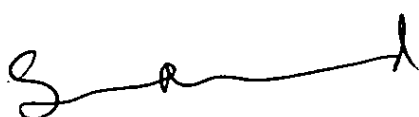
There were no recognised gains or losses other than the profits included above.

Reconciliation of shareholders' funds	2009 £'000	2007 £'000
Total recognised gains and losses relating to the period	<u>(172)</u>	<u>48</u>
Net movement in shareholders' funds	(172)	48
Shareholders' funds brought forward	<u>152</u>	<u>104</u>
Shareholders' (deficit) / funds carried forward	<u>(20)</u>	<u>152</u>

DRIVELINE EUROPE LIMITED
Balance sheet as at 31 January 2009

		As at 31 January 2009 £'000	As at 31 December 2007 £'000
	Notes		
Fixed assets			
Tangible assets	9	48	149
Investments in subsidiary undertaking	10	2	2
Other fixed asset investments		1	1
		<u>51</u>	<u>152</u>
Current assets			
Debtors	11	910	199
Cash at bank and in hand		398	977
		<u>1,308</u>	<u>1,176</u>
Creditors			
- amounts falling due within one year	12	(1,379)	(1,179)
Net current liabilities		<u>(71)</u>	<u>(3)</u>
Total assets less current liabilities		(20)	149
Creditors - amounts falling due after more than one year	13	-	(14)
Provision for liabilities	15	-	17
Net (liabilities) / assets		<u>(20)</u>	<u>152</u>
Capital and reserves			
Called-up share capital	16	50	50
Profit and loss account	17	(70)	102
Shareholders' (deficit) / funds		<u>(20)</u>	<u>152</u>

Signed for and on behalf of the Board by



S M Howard
 Director
 21 July 2009

DRIVELINE EUROPE LIMITED

Notes to the financial statements

1 Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in Companies Act 1985 s.256.

b) Turnover

Turnover from tour operations is recognised upon departure date. Turnover from other activities is recognised as it is earned.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

Plant and Machinery equipment	3 - 10 years
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e) Advance holiday receipts

All booking fees and balance payments for holidays with starting dates after the period end are treated as receipts in advance at the balance sheet date and are separately disclosed within creditors.

f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

DRIVELINE EUROPE LIMITED

Notes to the financial statements continued

1 Accounting policies continued

h) Pension benefits

Annual contributions are made to the UK defined benefit pension Scheme on the advice of actuaries for funding of retirement benefits in order to build up reserves for participating employees during the employee's working life to pay to the employee or dependent a pension after retirement.

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company is accounting for its pension expense on a defined contribution basis in accordance with paragraph 9 of FRS 17 (Retirement benefits). The costs of providing these benefits are charged to the profit and loss account on a regular basis. Amounts charged to operating profit represent the contributions payable to the scheme in the period.

The company also operates a UK defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

i) Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account as incurred.

j) Cash flow statement

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited.

2 Turnover

Turnover, which all arises from continuing business, represents sales to third parties net of VAT. All business is carried out in the UK.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

3 Other operating income

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
Interest on deposits	27	28
	<u>27</u>	<u>28</u>

4 (Loss) / Profit on ordinary activities before taxation

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
(Loss) / Profit on ordinary activities before taxation is stated after charging:-		
Depreciation of tangible fixed assets	128	98
Fees for the audit of the Company	10	9
	<u>10</u>	<u>9</u>

Fees paid to the Company's auditor, Ernst & Young LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the ultimate parent undertaking, Acromas Holdings Limited, are required to disclose non-audit fees on a consolidated basis.

5 Staff costs

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
Wages and salaries	542	445
Social security costs	55	43
Pension costs	6	5
Other costs	44	-
	<u>647</u>	<u>493</u>

	13 months to 31 January 2009 No.	Year to 31 December 2007 No.
The monthly average number of employees during the period was as follows:-		
Sales & marketing	3	3
Operations	16	14
Administration and management	5	7
	<u>24</u>	<u>24</u>

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

6 Directors emoluments

The emoluments of the Directors of the Company during the period were as follows:

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
Remuneration	<u>76</u>	<u>65</u>
	13 months to 31 January 2009 No.	Year to 31 December 2007 No.
Members of defined benefit pension scheme	<u>4</u>	<u>4</u>
Members of defined contribution pension scheme	<u>1</u>	<u>1</u>

The Directors emoluments shown above relate to N Murray.

S M Howard is remunerated by Saga Group Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. The emoluments of this Director are not recharged to the Company and he did not receive any emoluments during the year in respect of his services as a Director of the Company (2007: £nil).

I G L Coghlan, J M Parker and C D Simmonds are remunerated by Acromas Holidays Limited (formerly Saga Holidays Limited), a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. The emoluments of these Directors are not recharged to the Company and none of these Directors received any emoluments during the period in respect of their services as a Director of the Company (2007: £nil).

7 Pension benefits

The Company is a member of the Saga Group Pension and Life Assurance Scheme which is a defined benefit scheme.

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company is accounting for its pension expense on a defined contribution basis in accordance with paragraph 9 of FRS 17 (Retirement benefits). The FRS17 surplus (gross of deferred taxation) of the Scheme at 31 January 2009 was £11.5 million (2008 - £20.3 million).

Further details of the Scheme can be found in the financial statements of the ultimate holding company, Acromas Holdings Limited.

The Company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independent administered fund.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

8 Taxation

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
UK corporation tax at 28.33% (2008 - 30%) – current period	(8)	6
Current tax	(8)	6
Deferred tax – current period	-	(17)
Deferred tax – prior periods	17	-
	<u>(9)</u>	<u>(11)</u>

Reconciliation of Current Tax Charge:-

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
Pre-tax (loss) / profit @ 28.33% (2008 – 19.75%)	(46)	7
Decelerated capital allowances	36	6
Permanent differences	2	1
Utilised Brought forward Losses	-	(8)
Current tax charge for the year	<u>(8)</u>	<u>6</u>

The UK corporation tax rates have decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future tax payments to be made or achieved by the Company for group losses surrendered.

Other than this, there are no circumstances foreseen that are expected to materially impact future tax charges.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

9 Tangible fixed assets

	Plant & Machinery equipment £'000
Cost	
At 1 January 2008	691
Additions	27
At 31 January 2009	<u>718</u>
Depreciation	
At 1 January 2008	542
Charge for period	128
At 31 January 2009	<u>670</u>
Net book value	
At 31 January 2009	<u>48</u>
At 1 January 2008	<u>149</u>

The net book value of tangible fixed assets includes £14,000 (2007 - £74,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the period on those assets was £60,000 (2007 - £55,000).

10 Investment in subsidiary undertaking	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Cost	<u>2</u>	<u>2</u>

The subsidiary undertaking of the Company is Driveline Travel Limited, a company which is wholly owned and registered in England. The principal activity of Driveline Travel Limited is the sale of supplies of flight transport to the Company, under the TOMS VAT Transport Company Scheme.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

11 Debtors	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Trade debtors	2	2
Amount due from group undertakings	602	110
Other debtors	136	-
Prepayments and deferred expenditure	162	87
Corporation tax receivable	8	-
	<u>910</u>	<u>199</u>
12 Creditors - amounts falling due within one year	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Bank overdraft	-	2
Finance leases and hire purchase contracts	2	55
Advance receipts	1,010	377
Trade creditors	136	398
Corporation tax	-	6
Other taxes and social security	125	125
Other creditors	-	150
Accruals and deferred income	106	66
	<u>1,379</u>	<u>1,179</u>
13 Creditors - amounts falling due after one year	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Finance leases and hire purchase contracts	-	14
	<u>-</u>	<u>14</u>

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

14 Lease commitments

The Group's annual commitment under non-cancellable operating leases is as follows:

	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Leases expiring:		
Within one year	2	2
In two to five years	-	20
	<u>2</u>	<u>22</u>

15 Provision for liabilities

	31 January 2009 £'000	31 2007 £'000
Deferred tax charge in the Profit & Loss account	-	17
	<u>-</u>	<u>17</u>

16 Called up share capital

	As at 31 January 2009 £'000	As at 31 December 2007 £'000
Authorised 100,000 ordinary shares of £1 each	100	100
Allotted and fully paid 50,000 ordinary shares of £1 each	50	50

17 Profit and loss account

	13 months to 31 January 2009 £'000	Year to 31 December 2007 £'000
At start of period	102	54
(Loss) / Profit for the period	(172)	48
At end of period	<u>(70)</u>	<u>102</u>

DRIVELINE EUROPE LIMITED

Notes to the financial statements continued

18 Contingent liabilities

At 31 January 2009 there were contingent liabilities under counter indemnities given in the normal course of trade to the Company's bankers in respect of financial bonds and other guarantees amounting to £Nil (2007 - £400,000).

19 Related party transactions

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies.

During the period the Company occupied premises owned by Scottish Equitable Pension Plan, a scheme for which N Murray is a member. Amounts paid for rent during the period ended 31 January 2009 were £21,000 (2007 - £20,000).

20 Ultimate parent undertaking

The financial statements of the Company have been consolidated in the group financial statements of Acromas Holidays Limited (formerly Saga Holidays Limited, a parent undertaking) and Acromas Holdings Limited (the ultimate parent undertaking), both of which are registered in England.

Acromas Holidays Limited (formerly Saga Holidays Limited) is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

21 Ultimate controlling party

The Directors consider the ultimate controlling party to be funds advised by Charterhouse General Partners, CVC Capital Partners and Permira Advisers acting in concert.