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DRIVELINE EUROPE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2011

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DRIVELINE EUROPE LIMITED

Directors' report

Directors	I G L Coghlan	(resigned 16 April 2010)
	S M Hooper	
	S M Howard	
	N A Murray	
	J M Parker	(resigned 30 April 2010)

Secretary J Davies

Registered Office Enbrook Park, Folkestone, Kent CT20 3SE

Company Registration no 2554477

The Directors submit their report together with the audited financial statements for the year ended 31 January 2011

Results and dividends

The profit before tax for the year amounted to £nil (2010 - £22,000 profit) After taxation a loss of £6,000 (2010 - £37,000 profit) has been transferred to reserves. No dividends were paid during the period (2010 - £nil)

Principal activity, review of business and future developments

The Company's principal activity is the provision of administrative services to a parent undertaking, Acromas Holidays Limited

The Directors consider the result for the year to be satisfactory and anticipate that in the coming year the Company will continue providing administrative services to its parent undertaking

Since the Company provides administrative services to its parent undertaking, Acromas Holidays Limited, KPI's relating to trading which are appropriate for an understanding of the development, performance or position of the business can be found in the parent company's financial statements

DRIVELINE EUROPE LIMITED
Directors' report continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under the 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 laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

It is the Group's policy to maintain indemnity insurance for Directors and officers.

DRIVELINE EUROPE LIMITED
Directors' report continued

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 the 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

In accordance with section 487(2) of the Companies Act 2006, the Auditors Ernst & Young LLP are deemed re-appointed

By order of the Board

A handwritten signature in black ink, appearing to read 'S M Howard', with a long horizontal stroke extending to the right.

S M Howard
Director
28 June 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRIVELINE EUROPE LIMITED

We have audited the financial statements of Driveline Europe Limited for the year ended 31 January 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 January 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Kevin Senior (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 June 2011

DRIVELINE EUROPE LIMITED**Profit and loss account for the year ended 31 January 2011**

	Notes	2011 £'000	2010 £'000
Administrative and marketing expenses		-	22
Profit on ordinary activities before taxation	2	-	22
Taxation	6	(6)	15
Profit on ordinary activities after taxation	10	(6)	37

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

Reconciliation of movements in shareholders' funds	2011 £'000	2010 £'000
Total recognised gains and losses relating to the period	(6)	37
Net movement in shareholders' funds	(6)	37
Shareholders' funds / (deficit) brought forward	17	(20)
Shareholders' funds carried forward	11	17

DRIVELINE EUROPE LIMITED
Balance sheet as at 31 January 2011

		As at 31 January 2011 £'000	As at 31 January 2010 £'000
	Notes		
Fixed assets			
Investments in subsidiary undertaking	7	2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors	8	9	15
		<u>9</u>	<u>15</u>
Net current assets			
		<u>11</u>	<u>17</u>
Total assets less current liabilities			
		<u>11</u>	<u>17</u>
Capital and reserves			
Called-up share capital	9	50	50
Profit and loss account	10	(39)	(33)
		<u>11</u>	<u>17</u>
Shareholders' funds			
		<u>11</u>	<u>17</u>

Signed for and on behalf of the Board by



S M Howard
 Director
 28 June 2011

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 2006 s 464

The Company has taken advantage of the exemption under the Companies Act 2006 s 400 not to prepare and deliver group financial statements as it is a wholly owned subsidiary of the ultimate holdings company Acromas Holdings Limited. As such, these financial statements show only the results of the individual company and not the group

Investments in subsidiaries are accounted for at the lower of cost and net realisable value

b) 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.

c) 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.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

1 Accounting policies continued

d) 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 Profit on ordinary activities before taxation

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation is stated after charging -		
Fees for the audit of the Company	12	10

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

3 Staff costs

	2011 £'000	2010 £'000
Wages and salaries	517	475
Social security costs	46	47
Pension costs	6	6
	<u>569</u>	<u>528</u>

	2011 No	2010 No
The monthly average number of employees during the period was as follows -		
Sales & marketing	4	3
Operations	14	16
Administration and management	6	5
	<u>24</u>	<u>24</u>

Staff costs are recharged to the parent undertaking, Acromas Holidays Limited

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

4 Directors emoluments

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

	2011 £'000	2010 £'000
Remuneration	<u>96</u>	<u>77</u>
	2011 No	2010 No
Members of defined benefit pension scheme	<u>3</u>	<u>3</u>
Members of defined contribution pension scheme	<u>1</u>	<u>1</u>

The Directors emoluments shown above relate to N Murray. Whilst this Director holds directorships in other group companies, the full amount of her emoluments are included above as it would not be practicable to apportion their emoluments between their services as Director of the Company and their services as Director of other group companies.

S M Howard is, and I G L Coghlan was, remunerated by Saga Group Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. Neither of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2010: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other group companies. The Company has not been recharged any amount for the emoluments of these Directors (2010: £nil).

S M Hooper is, and J M Parker was, remunerated by Acromas Holidays Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. Neither of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2010: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other group companies. The Company has not been recharged any amount for the emoluments of these Directors (2010: £nil).

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

5 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 FRS 17 surplus (gross of deferred taxation) of the Scheme at 31 January 2011 was £7.2 million (2010 - £7.0 million deficit)

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

6 Taxation	2011	2010
	£'000	£'000
Adjustments relating to prior years	6	(15)
Current tax	6	(15)
	<u>6</u>	<u>(15)</u>
 Reconciliation of Current Tax Charge/(Credit):-	 2011	 2010
	£'000	£'000
Pre-tax profit/(loss) @ 28% (2010 - 28%)	-	6
Adjustments relating to prior years	6	(15)
(Accelerated)/decelerated capital allowances	-	(2)
Permanent differences	-	(4)
	<u>6</u>	<u>(15)</u>

There are no circumstances foreseen that are expected to materially impact future tax charges

7 Investment in subsidiary undertaking	As at	As at
	31 January	31 January
	2011	2010
	£'000	£'000
Cost	2	2
	<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. Driveline Travel Limited did not trade during the year.

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

8 Debtors	As at 31 January 2011 £'000	As at 31 January 2010 £'000
Amount due from group undertakings	9	15
	<u>9</u>	<u>15</u>

All amounts above are due in less than one year

9 Called up share capital	31 January 2011 £'000	31 January 2010 £'000
Allotted, called up and fully paid 50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

10 Profit and loss account	2011 £'000	2010 £'000
At start of period	(33)	(70)
Profit for the period	(6)	37
At end of period	<u>(39)</u>	<u>(33)</u>

11 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 2011 were £20,000 (2010 - £20,000)

DRIVELINE EUROPE LIMITED
Notes to the financial statements continued

12 Ultimate parent undertaking

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

Acromas Travel Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared

13 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