

Registered number  
3079209

Holiday Autos Holdings Limited  
Report and Financial Statements  
for the year ended 31 December 2007

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**Holiday Autos Holdings Limited**  
**Report and financial statements**  
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**Holiday Autos Holdings Limited**  
**Company information**

**Directors**

E Kamm  
I McCaig  
B Murphy  
J Donaldson

**Secretary**

I Lindsay

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Registered office**

39 Victoria Street  
London  
SW1H 0EU

**Registered number**

3079209

## **Holiday Autos Holdings Limited**

### **Directors' report**

The Directors present their report and financial statements for the year to 31 December 2007.

#### **Principal activities and review of the business**

The Company is a non-trading entity, but holds shares in companies' whose principal activity is the provision of car rentals to the leisure traveller.

Throughout the year the Company acted as the intermediate holding company of Holiday Autos International Limited and its subsidiaries. During the year the Company made a capital contribution to its subsidiary, Holiday Autos Nordic AS of £3,215,404.

During the year the Company impaired its investments in Holiday Autos International Ltd and in Holiday Autos Nordic AS.

The value of investments held at 31 December 2007 was £13,894,404 (2006: £12,614,000).

The immediate parent company is Holiday Autos Group Limited, a company incorporated in England and Wales. On 30 March, 2007 Sabre Holdings Corporation ( "Sabre Holdings"), the then ultimate holding company, announced the completion of the acquisition of Sabre Holdings by affiliates of Texas Pacific Group and Silver Lake Partners. The Group deregistered and delisted Sabre Holdings common stock and the stock ceased to trade on the New York Stock Exchange. With effect from 30 March, 2007 the ultimate holding company became Sovereign Holdings, Inc., a company incorporated in Delaware, United States of America.

#### **Principal risks and uncertainties**

The key business risk affecting the company is that the investments are unable to execute their forecasted business plans.

#### **Future developments**

Continued support of our investments is planned to allow for their further product development and distribution in a cost-effective manner.

#### **Events since the balance sheet date**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the financial period ended 31 December 2007.

#### **Directors and their interests**

The Directors who served during the year, and subsequently, are stated below:

M Jones (resigned 31 July 2007)

B Murphy

I McCaig

E Kamm

D Tassone (resigned 6 February 2008)

M Ross (appointed 20 February 2008 and resigned 31 October 2008)

J Donaldson (appointed 31 October 2008)

The company secretary who held office during the year, and subsequently, are stated below:

I Lindsay

#### **Disclosure of information to the auditors**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing its report, of which the Auditors are unaware. Having made enquiries of fellow Directors and the Company's Auditors, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Auditors are aware of that information.

#### **Re-appointment of auditors**

In accordance with section 386(1) of the Companies Act 1985 the company has passed a resolution electing to dispense with the obligation to appoint auditors annually. Ernst & Young LLP have expressed their willingness to continue in office as auditors.

On behalf of the board



E Kamm  
Director

30 January 2009

**Holiday Autos Holdings Limited**  
**Statement of Directors' responsibilities**

The Directors are responsible for preparing 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.

The Directors are responsible for keeping proper accounting records that 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.

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

**Holiday Autos Holdings Limited**  
**Independent Auditor's report to the shareholders**

We have audited the financial statements of the Company for the period ended 31 December 2007 which comprise the Balance Sheet and the related notes 1 to 15. 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 the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK 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 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:

- 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 December 2007;
- 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.

  
Ernst & Young LLP  
Registered Auditor  
London

30 January 2009



**Holiday Autos Holdings Limited**  
**Profit and loss account**

	Notes	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
<b>Operating Costs</b>			
Sales & marketing		-	(1)
		<hr/>	<hr/>
<b>Operating loss</b>		-	(1)
Non-operating exceptional items	4	(1,935)	
Interest payable and similar charges		-	1
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(1,935)	-
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>	9	(1,935)	-
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	9	(1,935)	-
		<hr/>	<hr/>

All operations during the year are continuing operations.

There are no recognised gains or losses in either period other than the loss for that period.



**Holiday Autos Holdings Limited**  
**Balance Sheet**  
**as at 31 December 2007**

	Notes	2007 £000	2006 £000
<b>Fixed assets</b>			
Investments	6	13,894	12,614
<b>Current assets</b>			
Debtors	7	2,634	2,634
Cash at bank and in hand		<u>-</u>	<u>2</u>
		2,634	2,636
<b>Creditors: amounts falling due within one year</b>	8	(6,248)	(6,250)
<b>Net current liabilities</b>		<u>(3,614)</u>	<u>(3,614)</u>
<b>Total assets less current liabilities</b>		<u>10,280</u>	<u>9,000</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(26)	(26)
<b>Net assets</b>		<u>10,254</u>	<u>8,974</u>
<b>Capital and reserves</b>			
Called up share capital	10	64	64
Share premium account	11	2,970	2,970
Other reserves	11	9,155	5,940
Profit and loss account	11	(1,935)	-
<b>Shareholders' funds</b>		<u>10,254</u>	<u>8,974</u>

These financial statements were approved by the Board of Directors on 30 January 2009.



E Kamm  
Director

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

**1 Accounting policies**

***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

***Investments***

At each balance sheet date the Company reviews the carrying amounts of its tangible investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

***Classification of financial instruments issued by the Company***

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own legal instruments, it is either a non-derivative that included no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

The adoption of FRS25 has meant restating all of the preference shares, in the prior period, held by the Company as financial liabilities (see Note 8).

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

***Deferred tax***

Deferred tax assets are recognised only to the extent that the assets are expected to be realised, either in cash terms or by the mitigation of future liabilities, in the foreseeable future. Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

**1 Accounting policies (continued)**

**Group financial statements**

The Company claims exemption from preparing group financial statements under section 228A of the Companies Act 1985 as it is included in the consolidated financial statements of Sabre Holdings, the ultimate holding company. Therefore these financial statements present information about the Company as an individual undertaking and not as a group.

**2 Profit and loss account**

The Auditors remuneration has been borne by other group companies. No amounts were payable to Ernst & Young LLP for non-audit services during the current or previous period.

**3 Staff costs**

None of the Directors received remuneration paid by this Company in respect of their services as directors of the Company. The Company has no employees.

	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
<b>4 Exceptional items</b>		
Non-operating		
Impairment charge (see note 6)	(1,935)	-

During the year the Company impaired its investments in Holiday Autos International Ltd and in Holiday Autos Nordic AS.

**5 Tax**

**(a) Tax on loss on ordinary activities**

The tax charge is made up as follows:

	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Tax on loss on ordinary activities	-	-

**(b) Factors affecting the current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%). The differences are reconciled below:

	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Loss on ordinary activities before tax	(1,935)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%).	(581)	-
Expenses not deductible for tax purposes	581	-
Current tax charge for year	-	-

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

**6 Investments**

	<b>Subsidiary undertakings £000</b>
At 1 January 2007	12,614
Additions	3,215
Diminution in value	(1,935)
At 31 December 2007	<u>13,894</u>

Investments are stated at cost less provisions for diminution in value or directors' valuations.

During the year the Company impaired its investments in Holiday Autos International Ltd and in Holiday Autos Nordic AS.

During the year, the Company made a capital contribution of £3,215,000 to Holiday Autos Nordic AS.

Details of the investments in which the Company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Name of company</b>	<b>Holding</b>	<b>Proportion of voting rights &amp; shares held</b>	<b>Country of operation and incorporation</b>
<b>Held directly</b>			
Holiday Autos Nordic AS	Ordinary shares	100%	Norway
Holiday Autos International Ltd	Ordinary shares	100%	UK
Holiday Autos Benelux BVBA	Ordinary shares	99.84%	Belgium
Holiday Autos Italia srl	Ordinary shares	90%	Italy
<b>Held indirectly</b>			
Holiday Autos Nordic AB	Ordinary shares	100%	Sweden
Holiday Autos (Schweiz) GmbH	Ordinary shares	100%	Switzerland
Holiday Autos Australia Pty Ltd	Ordinary shares	100%	Australia
			British Virgin Islands
Holiday Autos Middle East Ltd	Ordinary shares	85%	Islands
Auto Holidays Pty Ltd	Ordinary shares	50%	South Africa

All subsidiary companies are engaged in the provision of car rentals.

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

<b>7 Debtors</b>			<b>2007</b>	<b>2006</b>
			<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings			2,628	2,632
Other debtors			4	-
Corporation Tax			2	2
			<u>2,634</u>	<u>2,634</u>
<b>8 Creditors: amounts falling due within one year</b>			<b>2007</b>	<b>2006</b>
			<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings			6,248	6,250
			<u>6,248</u>	<u>6,250</u>
<b>9 Creditors: amounts falling due after one year</b>			<b>2007</b>	<b>2006</b>
			<b>£000</b>	<b>£000</b>
Shares classified as liabilities (see note 9)			26	26
			<u>26</u>	<u>26</u>
<b>10 Authorised and issued share capital</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>No.</b>	<b>No.</b>	<b>£000</b>	<b>£000</b>
Authorised, allotted, called up and fully paid:				
'A' Ordinary shares of 1p each - Non Equity	5,360,000	5,360,000	54	54
'B' Ordinary shares of 1p each - Equity	750,000	750,000	8	8
'C' Ordinary shares of 1p each - Equity	250,000	250,000	2	2
8% Preference shares of 1p each - Non Equity	2,640,000	2,640,000	26	26
			<u>90</u>	<u>90</u>
			<b>2007</b>	<b>2006</b>
			<b>£000</b>	<b>£000</b>
Shares classified as shareholders' funds			64	64
Shares classified as liabilities (see note 8)			26	26
			<u>90</u>	<u>90</u>

On 12 July 1995 2 ordinary shares of £1 each were issued, nil paid. On 15 September 1995, the authorised share capital was amended to that noted above. The 2 ordinary shares were converted into 200 'B' ordinary shares of £0.01 each. On the same date, 5,360,000 'A' shares and 639,800 'B' shares were issued as part of the consideration for acquiring the entire share capital of Holiday Autos International Limited, and 110,200 'B' shares, 250,000 'C' shares and 2,640,000 preference shares were issued for cash consideration of £1 each.

**'A' ordinary shares**

The holders of 'A' ordinary shares are entitled to receive a fixed cumulative preferential dividend at the rate of 5% per annum on the nominal amount of shares in issue plus premium paid on subscription. The holders of 'A' ordinary shares also have the right to receive an additional fixed cumulative preference dividend at the rate of 3% per annum.

This additional dividend shall accrue from day to day and shall be paid immediately on:

(1) The earlier of (a) the listing of any of the Company's shares on the International Stock Exchange of the United Kingdom and Republic of Ireland and (b) the granting of an application by the company for the dealing in any of Company's shares on any other public securities market.

(2) The acquisition by any person of all the 'C' ordinary shares.

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

**10 Authorised and issued share capital (continued)**

The holders of 'A' ordinary shares shall be entitled to receive notice of and attend and speak but not to vote at all general meetings of the Company.

On liquidation of the Company 'A' ordinary shareholders will rank after preference shareholders and before 'B' and 'C' shareholders.

**'B' ordinary shares**

The holders of 'B' ordinary shares are not entitled to receive a dividend except on a sale or listing when the holder is entitled to a payment of dividend or return of capital, the amount of which is based on the return received by the 'C' ordinary shareholders and preference shareholders. The holders of 'B' ordinary shares are entitled to vote at all general meetings of the Company. 'B' ordinary shareholders rank parri passu with 'C' ordinary shareholders.

On liquidation of the Company 'B' ordinary shareholders will rank after preference, 'A' ordinary shareholders and parri passu with 'C' shareholders.

**'C' ordinary shares**

The holders of 'C' shares are entitled in respect of each successive financial year of the company (starting with the financial year ending 31 October 2001) to a dividend of a cash sum equal to a percentage of the net profits of the company and its subsidiary undertakings, as set out in the Articles of Association. The Directors are of the opinion that there are insufficient distributable reserves across the Group to support the payment of this dividend. The 'C' shares will be redeemed on a sale or listing. The holders of 'C' ordinary shares are entitled to attend and vote at all general meetings of the Company. 'C' ordinary shareholders rank parri passu with 'B' ordinary shareholders.

On liquidation of the Company 'C' ordinary shareholders will rank after preference, 'A' ordinary shareholders and parri passu with 'B' shareholders.

**Preference shares**

The holders of the preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 8% per annum on the nominal amount plus any premium paid on subscription. All the preference shares are held by Holiday Autos Group Limited who has agreed that they will not demand redemption of these shares. The preference shares on liquidation of the Company rank above the ordinary shares.

The holders of preference shares shall be entitled to receive notice of, and to attend and speak at, but not to vote at all general meetings of the Company.

On 29 January Holiday Autos Group Limited waived the right to participate and receive future and cumulative dividends in respect of the £0.01 preference shares for the accounting period 31 December 2007.

**11 Reconciliation of shareholders' funds and movement on reserves**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Share premium account £000	Total shareholders funds £000
At 1 October 2005	90	5,940	-	2,970	9,000
Reclassification of preference shares under FRS25 (see note 9)	(26)	-	-	-	(26)
At 31 December 2006	64	5,940	-	2,970	8,974
Capital reserve	-	3,215	-	-	3,215
Loss for the period	-	-	(1,935)	-	(1,935)
At 31 December 2007	64	9,155	(1,935)	2,970	10,254

**Holiday Autos Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2007**

**11 Reconciliation of shareholders' funds and movement on reserves (continued)**

In accordance with the provisions of Section 131 of the Companies Act 1985, the Company has transferred to the merger reserve the premium arising on the issue of shares as consideration for subsidiaries acquired during the period ended 31 October 1996. Prior to the Group restructuring, when Holiday Autos Holdings Limited ceased to be the parent undertaking, the Group had applied this merger reserve to write down goodwill arising on acquisition.

The adoption of FRS25 has meant that the preference shares held by the Company are now classified as a financial long-term liability (see notes 7 and 8).

During the year, Holiday Autos Group Limited made a capital contribution to the Company of £3,215,000.

**12 Cashflow statement**

In accordance with FRS 1(Revised 1996) these financial statements do not include a Statement of Cash Flows as the Company is a wholly owned subsidiary undertaking of Sabre Holdings whose accounts include a consolidated Statement of Cash Flows.

**13 Contingent liabilities**

The Company has entered into cross-guarantee and indemnity arrangements with the Group's bankers for the provision of various bonds and guarantees given by the bank to the Company and other group companies to a maximum of £104.5m (2006: £51.6m).

**14 Related party transactions**

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions with other group undertakings as the consolidated financial statements of the group are publicly available.

**15 Parent undertaking and controlling party**

The immediate parent company is Holiday Autos Group Limited, a company incorporated in England and Wales. On 30 March, 2007 Sabre Holdings Corporation ("Sabre Holdings"), the then ultimate holding company, announced the completion of the acquisition of Sabre Holdings by affiliates of Texas Pacific Group and Silver Lake Partners. The Group deregistered and delisted Sabre Holdings common stock and the stock ceased to trade on the New York Stock Exchange. With effect from 30 March, 2007 the ultimate holding company became Sovereign Holdings, Inc., a company incorporated in Delaware, United States of America.

Sabre Holdings is both the smallest and largest group in which the results of Holiday Autos Holdings Limited are consolidated. Copies of the group financial statements of Sabre Holdings are available from 3150 Sabre Drive, Southlake, Texas, USA.