

Registered number  
3292373

Holiday Autos U.K. and Ireland Limited  
Report and Financial Statements  
for the year ended 31 December 2007

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**Holiday Autos U.K. and Ireland Limited**  
**Report and financial statements**  
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## **Holiday Autos U.K. and Ireland Limited Company information**

### **Directors**

I McCaig  
B Murphy  
E Kamm  
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**

3292373

## **Holiday Autos U.K. and Ireland Limited**

### **Directors' report**

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

#### **Results and dividends**

The profit for the year, after taxation, is £4,919,000 (15 months ended 31 December 2006: profit £5,572,000).

The Directors do not recommend a final ordinary dividend (15 months ended 31 December 2006: £nil).

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

The Company's principal activity during the year was the provision of car rentals to the leisure traveller.

The Company's key financial and other performance indicators during the year were as follows:

	Year to 31 December 2007 £000	Year to 31 December 2006 (pro- rated) £000
Turnover	56,434	59,160
Profit after tax	4,919	4,458
Shareholders' funds	26,019	21,100
Average number of employees	62	74

The first half of 2007 proved to be a challenging trading environment contributing to a large proportion of the fall in sales year on year of £2.7m (4.6%), which was driven by a drop in bookings of 10.2%. The booking decline was mainly due to a reduction in trade sales which was offset by an increase in mix towards direct to consumer sales. This change in mix followed the business strategy of focusing on the more profitable direct channel and a planned migration of trade partners from a gross margin rate to a net margin basis. This strategy has led to a reduction in commission payable from 7.6% to 5.7% which has contributed to an increase in gross profit margin from 15.8% to 19.2% year on year.

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 risks affecting the Company are world events that influence consumer travel and competition from other travel companies including exposure to changes in foreign currency rates, macro-economic changes and increasing fuel prices which impacts pricing and our suppliers who provide air travel to our customers. Other business risks include technological stability and the ability to provide reliable, real-time access to our systems for our customers and suppliers.

#### **Future developments**

The Directors intend that the Company will continue with its current activities in the future.

#### **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.

## **Holiday Autos U.K. and Ireland Limited**

### **Directors' report**

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

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

I McCaig

B Murphy

M Jones (resigned 31 July 2007)

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)

None of the Directors hold shares and all the share schemes in the UK parent company have been cancelled.

The company secretary who held office during the period, and subsequently, is stated below:

I Lindsay

#### **Employee policy and involvement**

The Company's human resources strategy is to attract and retain the very best people in all areas of the Company. We will continue to do this through competitive and innovative performance related remuneration, providing the opportunity for our people to develop, and building an inspiring environment where each individual is invited to contribute to their maximum potential.

The human capital of the Company is key to the continuing success and significant importance is placed on the contributions of employees. Employees benefit from the Company's performance through bonus schemes aligned to both Company targets and individual contribution.

Strong employee relations are built by the management team. Employees are kept informed of developments in the Company by way of the widely used company intranet, 'the Matrix', and regular local updates and presentations.

The Company does not discriminate on any grounds other than ability. It is Company policy to consider fully applications for employment by disabled persons, bearing in mind the aptitude of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure their continued employment.

#### **Supplier payment policy**

The Company agrees upon payment terms and conditions with individual suppliers, which vary according to the commercial relationship and the terms of the agreements reached, and establish terms of trade consistent with practice in its country of operation. At 31 December 2007, the Company had an average of 98 days outstanding in trade creditors (15 months to 31 December 2006: 80 days).

#### **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 their 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 is obliged to take as a Director in order to make himself 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

29th January 2009

## **Holiday Autos U.K. and Ireland Limited**

### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 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 U.K. and Ireland Limited**  
**Independent Auditors' report to the shareholders**

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 13. 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 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered Auditor  
1 More London Place  
London

29th January 2009

**Holiday Autos U.K. and Ireland Limited**  
**Profit and loss account**  
**for the year ended 31 December 2007**

	Notes	Year to 31 December 2007 £000	15 months to 31 December 2006 £000
Turnover	2	56,434	73,950
Cost of sales		(45,588)	(62,234)
<b>Gross profit</b>		<u>10,846</u>	<u>11,716</u>
<b>Operating Costs</b>			
Sales, marketing and administrative expenses		(5,931)	(6,163)
<b>Operating profit</b>	3	<u>4,915</u>	<u>5,553</u>
Interest receivable and similar income		4	22
Interest payable and similar charges	5	-	(3)
<b>Profit on ordinary activities before taxation</b>		<u>4,919</u>	<u>5,572</u>
Tax on profit on ordinary activities	6	-	-
<b>Profit on ordinary activities after taxation</b>		<u>4,919</u>	<u>5,572</u>
<b>Retained profit for the financial year</b>	10	<u>4,919</u>	<u>5,572</u>

All operations during the year are continuing operations.

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



**Holiday Autos U.K. and Ireland Limited**  
**Balance Sheet**  
**as at 31 December 2007**

	Notes	2007 £000	2006 £000
<b>Current assets</b>			
Debtors	7	55,276	76,600
Cash at bank and in hand		1,647	1,981
		<u>56,923</u>	<u>78,581</u>
<b>Creditors: amounts falling due within one year</b>	8	(30,904)	(57,481)
<b>Net current assets</b>		<u>26,019</u>	<u>21,100</u>
<b>Net assets</b>		<u>26,019</u>	<u>21,100</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	26,019	21,100
<b>Equity shareholders funds</b>	10	<u>26,019</u>	<u>21,100</u>

These financial statements were approved by the Board of Directors on 29th January 2009.



E Kamm

29th January 2009

Director

**Holiday Autos U.K. and Ireland Limited**  
**Notes to the financial statements**  
**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.

***Revenue recognition***

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

***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.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Pensions and other post-retirement benefits***

The Company participates in a defined contribution pension scheme. All costs for the scheme are borne by Last Minute Network Limited and recharged to the Company on a monthly basis. The scheme is available to UK Executive Directors and employees only.

**2 Turnover**

Turnover which represents amounts invoiced for vehicle hire and ancillary services, is recognised in full at the date of departure and is stated exclusive of Value Added Tax and associated taxes. Turnover is generated within the UK and Ireland.

**3 Operating profit**

	15 months
Year to 31	to 31
December	December
2007	2006
£000	£000

This is stated after crediting:

Net foreign exchange gain	-	(2)
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The Auditors' remuneration of £87,406 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.

**Holiday Autos U.K. and Ireland Limited**  
**Notes to the financial statements**  
**year ended 31 December 2007**

**4 Staff costs**

	Year to 31 December 2007 £000	15 months to 31 December 2006 £000
<b>(a) Staff costs</b>		
Wages and salaries	855	1,760
Social security costs	162	375
Other pension costs	12	(2)
	<u>1,029</u>	<u>2,133</u>

The average monthly number of employees (including directors) during the year was made up as follows:

	No.	No.
Sales & marketing	5	7
General & administrative	-	1
Reservations	57	66
	<u>62</u>	<u>74</u>

The Company participates in a defined contribution pension scheme which is available to UK Executive Directors and employees only. All costs for the scheme are borne by Last Minute Network Limited and recharged to the Company on a monthly basis. The Company contributes to a group personal pension plan to provide retirement and death benefits. The Company currently contributes up to a maximum of 14% of the employees' basic salary to an investment account in the name of the individual employee or pays the cash equivalent directly to the employee. The assets of the plan are separate from those of the Company and are administered by independent trust funds.

**(b) Directors' emoluments**

None of the Directors received remuneration paid by this Company in respect of their services as Directors of the Company.

**Holiday Autos U.K. and Ireland Limited**  
**Notes to the financial statements**  
**year ended 31 December 2007**

**5 Interest payable and similar charges**

	Year to 31 December 2007 £000	15 months to 31 December 2006 £000
Bank loans and overdrafts	-	3

**6 Tax**

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

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (15 months to 31 December 2006 - 30%). The differences are reconciled below:

	Year to 31 December 2007 £000	15 months to 31 December 2006 £000
Profit on ordinary activities before tax	4,919	5,572
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (15 months to 31 December	1,476	1,672
<i>Effects of:</i>		
Permanent differences	1	8
Group relief claimed	(1,481)	(1,670)
Other timing differences	4	(10)
Current tax charge for year	-	-

**(b) Factors affecting future tax charges**

The Company has potential deferred tax assets at the year end as follows:

Short term timing differences	6	5
Total	6	5

The deferred tax assets have not been recognised as it is not sufficiently certain that as a result of the ongoing availability of Group relief the Company will have enough suitable taxable profits for these losses to reverse in the foreseeable future.

**Holiday Autos U.K. and Ireland Limited**  
**Notes to the financial statements**  
**year ended 31 December 2007**

<b>7 Debtors</b>	<b>2007 £000</b>	<b>2006 £000</b>
Trade debtors	868	2,108
Amounts owed by group undertakings	45,193	66,536
Other taxes and social security costs	-	41
Prepayments and accrued income	8,348	7,893
Corporation Tax	867	22
	<u>55,276</u>	<u>76,600</u>

<b>8 Creditors: amounts falling due within one year</b>	<b>2007 £000</b>	<b>2006 £000</b>
Amounts owed to group undertakings	10,836	36,907
Other taxes and social security costs	557	-
Accruals and deferred income	12,900	14,306
Advanced receipts	6,611	6,268
	<u>30,904</u>	<u>57,481</u>

<b>9 Share capital</b>	<b>2007 No.</b>	<b>2006 No.</b>	<b>2007 £</b>	<b>2006 £</b>
Authorised:				
Ordinary shares of £1 each	1,000	1,000	<u>1,000</u>	<u>1,000</u>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>

**Holiday Autos U.K. and Ireland Limited**  
**Notes to the financial statements**  
**year ended 31 December 2007**

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

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity shareholders funds £000</b>
At 1 October 2005	-	15,528	15,528
Profit for the period	-	5,572	5,572
At 31 December 2006	-	21,100	21,100
Profit for the year	-	4,919	4,919
At 31 December 2007	-	26,019	26,019

**11 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.

**12 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.

**13 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 U.K. and Ireland Limited are consolidated. Copies of the group financial statements of Sabre Holdings are available from 3150 Sabre Drive, Southlake, Texas, USA.