

Registered number
03292373

Holiday Autos U K and Ireland Limited
Report and financial statements
for the year ended 31 December 2010

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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

M Crummack
J Donaldson
A Rodger

Secretary

I Lindsay

Auditors

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

Registered office

39 Victoria Street
London
SW1H 0EU

Registered number

03292373

Holiday Autos U K and Ireland Limited

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results for the year

The results for the Company show turnover of £43,473,000 (2009 £51,723,000) Net loss after tax was £4,473,000 (2009 loss £2,465,000)

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 operates in the United Kingdom

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

	2010	2009
	£000	£000
Turnover	43,473	51 723
Loss after tax	(4,473)	(2,465)
Shareholders' funds	25,919	30,392
Average number of employees	42	26

During 2010 the Company was impacted by some restructuring of the Holiday Autos group business This resulted in the Company now acting in an agent capacity for some of the European destinations The impact on the profit for the year was a reduction in turnover offset with an increase in commission revenue In addition, booking volumes increased as economic conditions improved resulting in an increase in overall gross margin

Operating expenses before exceptional items increased by £996k against last year This is largely due to an increase in expense for customer support operations and foreign exchange costs

Future outlook

Trading remains challenging in face of continued weakness in consumer confidence The Company is taking appropriate actions to mitigate the impact on profitability with key focus on cost control

Principal risks and uncertainties

The key business risks affecting the Company are world events that influence consumer travel, competition from other travel companies, exposure to changes in foreign currency rates, and other macro-economic changes Other business risks include technological stability and the ability to provide reliable, real-time access to our systems for our customers and suppliers

Financial risk management objectives and policies

The main financial risks faced by the Company are currency and liquidity risk These risks and the associated policies adopted to mitigate these risks, are explained in more detail as follows

Currency risk

The Company activities expose it substantially to the financial risks of changes in foreign currency exchange rates This risk is managed at group level on a net basis, and if required uses forward exchange contracts to reduce the exposure The Company does not enter into any speculative derivatives or hedges

Holiday Autos U K and Ireland Limited Directors' report

continued

Financial risk management objectives and policies (continued)

Liquidity risk

The funding of the Company is managed centrally by the group treasury function through a cash pooling arrangement. The availability of the cash pooling arrangement increases the flexibility of cash asset management and strengthens the liquidity position for both the subsidiary and the group as a whole. As a result of the central management of the group's funds and the strong relationship with its bankers, significant banking facilities are available to the Company. Under the cash pooling arrangement it is expected that the group will meet the liquidity requirements of the Company, if or when required.

Going concern

After making enquires and consulting the current budgets and long term forecasts, the directors have formed a view that, as at the date of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

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 2010.

Directors and their interests

The directors who served during the period, and subsequently, are stated below.

I McCaig (resigned 26 November 2010)

B Murphy (resigned 15 November 2010)

S Nassos (appointed 26 November 2010, resigned 15 July 2011)

A Rodger (appointed 15 February 2011)

M Crummack (appointed 22 August 2011)

E Kamm (resigned 15 August 2011)

J Donaldson

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

Directors' and officers liability insurance

Directors' and officers liability insurance has been purchased by the group.

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.

Holiday Autos U K and Ireland Limited
Directors' report

continued

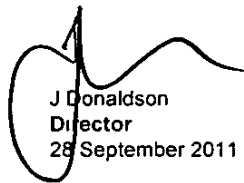
Disclosure of information to the auditors

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/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 s 487 of the Companies Act 2006 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



J Donaldson
Director
28 September 2011

Holiday Autos U.K. and Ireland Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). 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, and
- 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.

Holiday Autos U K and Ireland Limited
Independent auditors' report to the members of Holiday Autos U K and Ireland Limited

We have audited the financial statements of Holiday Autos U K and Ireland Limited for the year ended 31 December 2010 which comprise profit and loss account, balance sheet and the related notes 1 to 14. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and 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 December 2010 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.

 LP

Philip Young (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 September 2011

Holiday Autos U.K. and Ireland Limited
Profit and loss account
for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Turnover	2	43,473	51,723
Cost of sales		(34,171)	(43,938)
Gross profit		<u>9,302</u>	<u>7,785</u>
Operating Costs			
Administrative expenses		(6,806)	(5,810)
Operating profit		<u>2,496</u>	<u>1,975</u>
Exceptional items	4	(6,969)	(4,364)
Interest payable and similar charges	6	-	(76)
Loss on ordinary activities before taxation		<u>(4,473)</u>	<u>(2,465)</u>
Tax on loss on ordinary activities	7	-	-
Retained loss for the year		<u><u>(4,473)</u></u>	<u><u>(2,465)</u></u>

All operations during the year are continuing operations


There are no recognised gains or losses in either year other than the loss reported for that year

The accompanying accounting policies and notes form an integral part of these financial statements

Holiday Autos U.K. and Ireland Limited
Balance sheet
as at 31 December 2010

	Notes	2010 £000	2009 £000
Current assets			
Debtors	8	6,017	18,013
Cash at bank and in hand		<u>115,197</u>	<u>63,649</u>
		121,214	81,662
Creditors amounts falling due within one year	9	(95,295)	(51,270)
Net current assets		<u>25,919</u>	<u>30,392</u>
Net assets		<u>25,919</u>	<u>30,392</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	25,919	30,392
Equity shareholders funds	11	<u>25,919</u>	<u>30,392</u>

The financial statements of Holiday Autos U K and Ireland Limited, registered number 03292373, were approved by the directors and authorised for issue on 28 September 2011, and are signed on their behalf by



J. Donaldson
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Holiday Autos U K and Ireland Limited
Notes to the financial statements
year ended 31 December 2010

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

Going concern

After making enquires and consulting the current budgets and long term forecasts, the directors have formed a view that, as at the date of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts

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 represents amounts invoiced for vehicle hire and ancillary services where the Company acts as principal and commission due where the Company acts as agent, 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

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
year ended 31 December 2010

Continued

3 Auditors' remuneration

There is a group audit fee of which £39,211 (2009 £35,710) has been allocated to the Company. No amounts were payable to Ernst & Young LLP for non-audit services during the current or previous period.

4 Exceptional items

Operating profit is stated after charging the exceptional items below

	2010 £000	2009 £000
Provision for tax reclaims	(7,425)	-
Provision for irrecoverable intercompany balances	456	(4,364)
	<u>(6,969)</u>	<u>(4,364)</u>

5 Staff costs

(a) Staff costs

	2010 £000	2009 £000
Wages and salaries	1,134	995
Social security costs	90	36
Other pension costs	21	-
	<u>1,245</u>	<u>1,031</u>

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

	No	No
Sales & marketing	8	10
General & administrative	21	11
Reservations	13	5
	<u>42</u>	<u>26</u>

The Company has a defined contribution pension scheme which is available to UK Executive Directors and employees only. The Company contributes to a grouped 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 a pension account in the name of the individual employee, or pays the cash equivalent direct to the employee. The average contribution is 5% of the employee's salary. The assets of the plan are separate from those of the Company and are managed by Aegon Scottish Equitable.

Holiday Autos U K and Ireland Limited
Notes to the financial statements
year ended 31 December 2010

Continued

(b) Directors' remuneration	2010	2009
	£000	£000
Aggregate remuneration in respect of qualifying services	326	266
Compensation for loss of office	20	-
Aggregate pension contributions paid in respect of qualifying services	17	18
	<u>363</u>	<u>284</u>

The remuneration for the directors is borne by another group company apart from one director (2009 nil)
The amounts disclosed above are the amounts attributable to the Company for their qualifying services. The comparative for 2009 has been restated to reflect the amounts attributable for the prior year

	£000	£000
In respect of the highest paid director		
Aggregate remuneration in respect of qualifying services	101	85
Aggregate pension contributions paid in respect of qualifying services	8	3
	<u>109</u>	<u>88</u>

6 Interest payable and similar charges

	2010	2009
	£000	£000
Bank overdrafts	-	76

7 Tax

(a) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%)

The difference is reconciled below

	2010	2009
	£000	£000
Loss on ordinary activities before tax	<u>(4,473)</u>	<u>(2,465)</u>
Loss on ordinary activities multiplied by the standard rate of tax of 28% (2009 28%)	(1,252)	(690)
<i>Effects of</i>		
Permanent differences	(266)	1,416
Other timing differences	(19)	24
Group relief surrendered/(claimed) not paid	1,537	(750)
Current tax charge for year	<u>-</u>	<u>-</u>

(b) Factors affecting future tax charges	2010	2009
	£000	£000

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

Short term timing differences	<u>5</u>	<u>24</u>
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The deferred tax assets have not been recognised as it is not sufficiently certain that the Company will have sufficient suitable taxable profits after group relief for these items to reverse

Prior to the balance sheet date, the UK Government announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax charge became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balance as at 31 December 2010 has been calculated based on a rate of 27%, where the temporary difference is expected to reverse after 1 April 2011.

Holiday Autos U K and Ireland Limited
Notes to the financial statements
year ended 31 December 2010

Continued

Tax (b) (continued)

On 23 March 2011, the UK Government announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 and this became substantially enacted on 29 March 2011. The UK Government also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by April 2014. The overall effect of the further reductions from 27% to 23%, if these applied to the deferred tax balance at 31 December 2010, would be to further reduce the deferred tax asset by approximately £750. These changes were not yet substantively enacted at the balance sheet date and therefore are not included in the figures above.

8 Debtors	2010	2009
	£000	£000
Trade debtors	1,165	1,044
Amounts owed by group undertakings	3	12,787
Prepayments and accrued income	4,849	4,182
	<u>6,017</u>	<u>18,013</u>

9 Creditors amounts falling due within one year	2010	2009
	£000	£000
Trade creditors	244	264
Amounts owed to group undertakings	81,453	36,532
Accruals and deferred income	9,765	9,732
Advanced receipts	3,739	4,472
Other creditors	4	50
Other taxes and social security costs	90	220
	<u>95,295</u>	<u>51,270</u>

10 Share capital	2010	2009	2010	2009
	No	No	£	£
Authorised				
Ordinary shares of £1 each	1,000	1,000	<u>1,000</u>	<u>1,000</u>
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>

11 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital £000	Profit and loss account £000	Total equity shareholders funds £000
At 1 January 2009	-	32,857	32,857
Loss for the year	-	(2,465)	(2,465)
At 31 December 2009	-	30,392	30,392
Loss for the year	-	(4,473)	(4,473)
At 31 December 2010	-	<u>25,919</u>	<u>25,919</u>

12 Cash flow statement

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

Holiday Autos U K and Ireland Limited
Notes to the financial statements
year ended 31 December 2010

Continued

13 Related party transactions

The Company has taken advantage of the exemption available under FRS 8 'Related Party Disclosures' not to disclose transactions between entities whose voting rights are 100% controlled within the Sabre group of companies

14 Parent undertaking and controlling party

The immediate parent company is Holiday Autos Group Limited, a company incorporated in England and Wales. The ultimate holding company is Sovereign Holdings, Inc., a company incorporated in Delaware, United States of America.

Sabre Holdings Corporation is both the smallest and largest group in which the results of Holiday Autos U K and Ireland Limited are consolidated. The registered office of Sabre Holdings Corporation is 3150 Sabre Drive, Southlake, Texas, USA.