

Registered number
04110112

Travelbargains Limited

Report and Accounts

31 October 2003

REGISTRAR'S COPY



Travelbargains Limited
Report and accounts
Contents

	Page
Company information	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9 - 17
The following do not form part of the statutory accounts :	
Detailed profit and loss account	18
Schedule to the detailed profit and loss account	19

Travelbargains Limited
Company Information

Directors

J Kent

D Howell - appointed 5 December 2003

Ms J Bedlow - appointed 7 April 2003

Secretary

S A Watkins

Auditors

White Hart Associates

East House

109 South Worple Way

London

SW14 8TN

Bankers

Lloyds TSB

39 Threadneedle Street

London

EC2R 8AU

EFG Eurobank Ergasias

108 Wigmore Street

London

W1H 0LB

Anglo Irish Bank Corporation plc

10 Old Jewry

London

EC2R 8DN

Solicitors

Xenophon Protopapas

Queens House

180 Tottenham Court Road

London

W1T 7PD

Registered office

East House

109 South Worple Way

London

SW14 8TN

Registered number

04110112

Travelbargains Limited

Directors' Report

The directors present their report and accounts for the year ended 31 October 2003.

Principal activities and review of the business

The company's principal activity during the year continued to be that of ABTA retail travel agents.

Turnover has decreased by 24.8% during the year due to the prevailing market trading conditions. However the company remains in a good position to take advantage of any opportunities which may arise in the future.

Results and dividends

The profit for the year, after taxation, amounted to £548k (2002 - £164k). The directors do not recommend a final ordinary dividend leaving a profit of £548k (2002 - £164k) to be retained.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth and profitability in recent years. They consider that the next year will show further controlled growth.

Events since the balance sheet date

On 8 October 2003 there was a change in the Air Travel Organisers' Licence ("ATOL") regulations, regulated by the Civil Aviation Authority ("CAA"), with regard to the sale of packaged holidays by means of "split contract" arrangements that has required the company to apply for an ATOL licence. The application has been made and is currently being processed by the CAA.

On 16 November 2003 there was a change in immediate and ultimate ownership of the company and its fellow subsidiary Med Hotels Limited. The former holding company, Allerton Investments Limited, sold the entire paid up share capital of the company to Broomco (3303) Limited (in the process of being renamed Med Group Limited), a newly incorporated company. The funding for the acquisition was provided by means of venture capital.

Shortly thereafter and not part of the same transaction, nor a sequence of transactions, the entire share capital of Broomco (3303) Limited was acquired by Last Minute Network Limited, a 100% owned subsidiary of lastminute.com plc, which is now the ultimate holding company.

In November 2003 the company acquired 18 ordinary £1 shares (18% of the issued share capital) in Taskbrook Limited, a company newly incorporated in England and Wales.

Travelbargains Limited Directors' Report

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2003	2002
J Kent	-	-
I Brooks - resigned 5 December 2003	-	-
Ms J Bedlow - appointed 7 April 2003	-	-

On 5 December 2003 Mr D Howell was appointed as an additional director of the company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Auditors

During the year, White Hart Associates resigned as auditors and HLB AV Audit plc were appointed. HLB AV Audit plc then resigned and White Hart Associates were appointed again.

A resolution to reappoint White Hart Associates will be put to the members at the Annual General Meeting.

This report was approved by the board on 9 January 2004.

.....
J Kent
Director

Travelbargains Limited

Independent auditors' report to the shareholder of Travelbargains Limited

We have audited the accounts of Travelbargains Limited for the year ended 31 October 2003 which comprise pages 6 to 17. These accounts have been prepared under the historical cost convention and 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Travelbargains Limited

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
White Hart Associates
Registered auditors

East House
109 South Worple Way
London
SW14 8TN

9 January 2004

Travelbargains Limited
Profit and Loss Account
for the year ended 31 October 2003

	Notes	2003 £000	2002 £000
Total transaction value ("TTV")	2	<u>22,325</u>	<u>29,403</u>
Commissions	2	3,345	4,176
Distribution costs		(796)	(727)
Administrative expenses		(2,052)	(3,252)
Operating profit	3	<u>497</u>	<u>197</u>
Exceptional items:			
holding company loans written off	4	195	-
		<u>692</u>	<u>197</u>
Interest receivable		28	27
Interest payable	7	(11)	(10)
Profit on ordinary activities before taxation		<u>709</u>	<u>214</u>
Tax on profit on ordinary activities	8	(161)	(50)
Profit for the financial year		<u>548</u>	<u>164</u>
Retained profit for the financial year	16	<u>548</u>	<u>164</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

Travelbargains Limited
Balance Sheet
as at 31 October 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible assets	9	378	431
Current assets			
Debtors	10	1,471	1,503
Cash at bank and in hand		783	1,439
		<u>2,254</u>	<u>2,942</u>
Creditors: amounts falling due within one year	11	(1,790)	(2,677)
Net current assets		<u>464</u>	<u>265</u>
Total assets less current liabilities		<u>842</u>	<u>696</u>
Creditors: amounts falling due after more than one year	12	(27)	(414)
Provisions for liabilities and charges			
Deferred taxation	14	(14)	(29)
		<u>801</u>	<u>253</u>
Capital and reserves			
Called up share capital	15	50	50
Profit and loss account	16	751	203
Shareholder's funds:			
Equity		<u>801</u>	<u>253</u>
	17	<u>801</u>	<u>253</u>

Jacky Bedlow
Ms J Bedlow

Director

Approved by the board on 9 January 2004

Travelbargains Limited
Cash Flow Statement
for the year ended 31 October 2003

	Notes	2003 £000	2002 £000
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		497	197
Depreciation charges		177	141
Decrease/(increase) in debtors		32	(764)
(Decrease)/increase in creditors		(1,423)	1,596
Net cash (outflow)/inflow from operating activities		<u>(717)</u>	<u>1,170</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(717)	1,170
Returns on investments and servicing of finance	18	17	17
Taxation		(32)	-
Capital expenditure	18	<u>103</u> (629)	<u>(43)</u> 1,144
Financing	18	(27)	(22)
(Decrease)/increase in cash		<u>(656)</u>	<u>1,122</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(656)	1,122
Decrease in debt and lease financing		27	22
New finance leases		(32)	(34)
Change in net debt	19	<u>(661)</u>	<u>1,110</u>
Net funds at 1 November		<u>1,377</u>	<u>267</u>
Net funds at 31 October		<u>716</u>	<u>1,377</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	over 5 years
Computer equipment	over 3 years
Motor vehicles	over 4 years

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a 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.

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

2 Turnover

Turnover represents the total commissions earned for booking holidays and travel arrangements with principals, net of value added tax and trade discounts, recognised on the date of booking basis.

Total Transaction Value ("TTV") - TTV, which is stated net of value added tax, does not represent the company's statutory turnover. As the company acts as agent or cash collector, TTV represents the price at which goods or services have been sold to the consumer.

3 Operating profit	2003 £000	2002 £000
This is stated after charging:		
Depreciation of owned fixed assets	143	108
Depreciation of assets held under finance leases and hire purchase contracts	34	33
Operating lease rentals - plant and machinery	14	39
Operating lease rentals - land buildings	151	151
Auditors' remuneration	12	12

4 Exceptional items	2003 £000	2002 £000
Holding company loan written off	195	-

On 16 November 2003 the entire share capital of the company was sold by the former holding company Allerton Investments Limited. As part of the disposal, Allerton Investments Limited agreed to write off amounts due to it from the company. The above reflects a write off of the net indebtedness of the company to Allerton Investments Limited as at 31 October 2003 and date of disposal.

5 Directors' emoluments	2003 £000	2002 £000
Emoluments	183	184

Number of directors in company pension schemes:	2003 Number	2002 Number
Money purchase schemes	2	2

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

6 Staff costs	2003 £000	2002 £000
Wages and salaries	1,761	2,095
Social security costs	184	208
Other pension costs	20	32
	<u>1,965</u>	<u>2,335</u>

Average number of employees during the year	Number	Number
Administration	24	23
Marketing	4	4
Sales	66	63
	<u>94</u>	<u>90</u>

7 Interest payable	2003 £000	2002 £000
Other	1	-
Finance charges payable under finance leases and hire purchase contracts	10	10
	<u>11</u>	<u>10</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

8 Taxation	2003 £000	2002 £000
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	176	32
Deferred tax:		
Origination and reversal of timing differences	(15)	18
 Tax on profit on ordinary activities	 <u>161</u>	 <u>50</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2003 £000	2002 £000
Profit on ordinary activities before tax	<u>709</u>	<u>214</u>
Standard rate of corporation tax in the UK	30%	25%
	£000	£000
Profit on ordinary activities multiplied by the standard rate of corporation tax	213	54
Effects of:		
Expenses not deductible for tax purposes	(56)	(17)
Capital allowances for period in excess of depreciation	19	8
Utilisation of tax losses	-	(13)
 Current tax charge for period	 <u>176</u>	 <u>32</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

9 Tangible fixed assets

	Short leasehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 November 2002	50	605	655
Additions	-	124	124
At 31 October 2003	<u>50</u>	<u>729</u>	<u>779</u>
Depreciation			
At 1 November 2002	34	190	224
Charge for the year	16	161	177
At 31 October 2003	<u>50</u>	<u>351</u>	<u>401</u>
Net book value			
At 31 October 2003	<u>-</u>	<u>378</u>	<u>378</u>
At 31 October 2002	<u>16</u>	<u>415</u>	<u>431</u>

	2003 £000	2002 £000
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>69</u>	<u>69</u>

10 Debtors

	2003 £000	2002 £000
Trade debtors	1,098	1,187
Amounts owed by group undertakings and undertakings in which the company has a participating interest	91	82
Other debtors	36	5
Prepayments and accrued income	246	229
	<u>1,471</u>	<u>1,503</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

11 Creditors: amounts falling due within one year	2003 £000	2002 £000
Obligations under finance lease and hire purchase contracts	40	30
Trade creditors	1,442	2,508
Amounts owed to group undertakings and undertakings in which the company has a participating interest	37	-
Corporation tax	176	32
Other taxes and social security costs	83	95
Accruals and deferred income	12	12
	<u>1,790</u>	<u>2,677</u>

12 Creditors: amounts falling due after one year	2003 £000	2002 £000
Obligations under finance lease and hire purchase contracts	27	32
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	382
	<u>27</u>	<u>414</u>

The above loans from the former holding company, Allerton Investments Limited, were subject to subordinated undertakings, given in the normal course of business, to the Association of British Travel Agents Limited (ABTA) in connection with the company's ABTA membership and could not be repaid without prior written consent of ABTA. The loans have now been written off in accordance with the terms of the recent sale of the company.

13 Obligations under finance leases and hire purchase contracts	2003 £000	2002 £000
Amounts payable:		
Within one year	40	30
Within two to five years	27	32
	<u>67</u>	<u>62</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

14 Deferred taxation			2003	2002
			£000	£000
Accelerated capital allowances			14	29
Undiscounted provision for deferred tax			14	29
			2003	2002
			£000	£000
At 1 November			29	11
Deferred tax charge in profit and loss account			(15)	18
At 31 October			14	29
15 Share capital			2003	2002
			£000	£000
Authorised:				
Ordinary shares of £1 each			50	50
	2003	2002	2003	2002
	No	No	£000	£000
Allotted, called up and fully paid:				
Ordinary shares of £1 each	50	50	50	50
16 Profit and loss account			2003	2002
			£000	£000
At 1 November			203	39
Retained profit			548	164
At 31 October			751	203
17 Reconciliation of movement in shareholder's funds			2003	2002
			£000	£000
At 1 November			253	89
Profit for the financial year			548	164
At 31 October			801	253

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

18 Gross cash flows	2003 £000	2002 £000
Returns on investments and servicing of finance		
Interest received	28	27
Interest paid	(1)	-
Interest element of finance lease rental payments	(10)	(10)
	<u>17</u>	<u>17</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(92)	(43)
Receipts from sales of tangible fixed assets	195	-
	<u>103</u>	<u>(43)</u>
Financing		
Capital element of finance lease rental payments	<u>(27)</u>	<u>(22)</u>

19 Analysis of changes in net debt	At 1 Nov 2002 £000	Cash flows £000	Non-cash changes £000	At 31 Oct 2003 £000
Cash at bank and in hand	1,439	(656)		783
Finance leases	(62)	(5)		(67)
Total	<u>1,377</u>	<u>(661)</u>	<u>-</u>	<u>716</u>

20 Major non-cash transactions	2003 £000
Capital value of new finance lease arrangements	<u>32</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 October 2003

21 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2003 £000	Land and buildings 2002 £000	Other 2003 £000	Other 2002 £000
Operating leases which expire:				
within one year	-	-	5	-
within two to five years	151	151	-	34
	<u>151</u>	<u>151</u>	<u>5</u>	<u>34</u>

22 Contingent liabilities

At 31 October 2003, there were contingent liabilities outstanding in respect of counter indemnities and guarantees given by the company, in the normal course of business, to the company's bond insurance obligors in respect of the Association of British Travel Agents Limited (ABTA) travel bond amounting to £1,860,000 (2002 - £436,208) and Barclays Merchant Services bond in the sum of £0 (2002 - £100,000) .

23 Related parties

The company has taken advantages of exemptions under Financial Reporting Standard 8 from disclosing related party transactions with other group undertakings as the results are consolidated in the ultimate holding company accounts

24 Holding company

The immediate holding company is Broomco (3303) Limited (in the process of being renamed Med Group Limited), a company incorporated in England and Wales. The ultimate holding company is lastminute.com plc, a company incorporated in England and Wales, whose registered office is situated at 25 Farringdon Street, London, EC4A 4AB.