

Registered number
04110112

Travelbargains Limited

Report and Financial Statements

For the year ended 31 December 2007

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Travelbargains Limited
Report and accounts
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Travelbargains Limited
Company Information

Directors

I McCaig
E Kamm
B Murphy
M Ross

Secretary

I Lindsay

Auditors

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

Registered office

39 Victoria Street
London
SW1H 0EU

Registered number

04110112

Travelbargains Limited

Directors' Report

The Directors present their report and accounts for the year ended 31 December 2007

Results and dividends

The loss for the period, after taxation, amounted to £832k (15 months to 31 December 2006 £1 478k) The Directors do not recommend a final ordinary dividend (2006 nil)

Principal activities and review of the business

The Company's principal activity during the period continued to be that of ABTA retail travel agents

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

	Year to 2007 £000	Year to 2006 (pro-rated) £000
TTV	7,132	14,196
Loss after taxation	(832)	(1,478)
Shareholders (deficit)/funds	(776)	56
Average number of employees	10	31

During 2007 the Sabre and lastminute.com group reviewed all brands across the business and decided to cease trading with Travelbargains. This led to a reduction in investment in the second half of 2007 and a subsequent reduction in headcount and TTV.

The immediate parent company is Med Group Limited, a company incorporated in England and Wales. On March 30 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 March 30, 2007 the ultimate holding company became Sovereign Holdings Inc., a company incorporated in Delaware, United States of America.

Future developments

No future investment in the Company is currently planned. The Company stopped taking new bookings on 28 December 2007.

Principal risks and uncertainties

The key business risks affecting the Company are world events that influence consumer travel and competition from other travel companies.

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

The Directors who served during the year and up to the date of signing these financial statements were as follows:

I McCaig
E Kamm
M Jones (resigned 31 July 2007)
B Murphy (appointed 31 July 2007)
M Ross (appointed 20 February 2008)
D Tassone (appointed 28 October 2005 and resigned 6 February 2008)

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

I Lindsay

Travelbargains Limited
Directors' Report

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.

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.

By order of the board



E Kamm
Director

30th October 2008

Travelbargains 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

Travelbargains Limited

Independent auditors' report to the shareholder of Travelbargains Limited

We have audited the Company's financial statements of Travelbargains Limited for the year ended 31 December 2007 which comprise Profit and Loss Account, 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

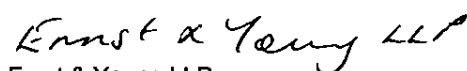
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 and of its loss for the period 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, SE1 2AF

31st October 2008

Travelbargains Limited
Profit and Loss Account
For the year ended 31 December 2007

	Notes	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Total transaction value ("TTV")	2	<u>7,132</u>	<u>14,196</u>
TURNOVER	2	-	868
Distribution costs		(147)	(528)
Administrative expenses		(706)	(1,907)
Operating loss	3	<u>(853)</u>	<u>(1,569)</u>
Interest receivable		15	135
Interest payable	5	-	(2)
Loss on ordinary activities before taxation		<u>(838)</u>	<u>(1,436)</u>
Tax on loss on ordinary activities	6	6	(42)
Loss for the financial year		<u>(832)</u>	<u>(1,478)</u>
Retained loss for the financial year	11	<u>(832)</u>	<u>(1,478)</u>

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

Travelbargains Limited
Balance Sheet
as at 31 December 2007

	Notes	2007 £000	2,006 £000
Fixed assets			
Tangible assets	7	-	-
Current assets			
Debtors	8	4,514	2,800
Cash at bank and in hand		197	2,373
		<u>4,711</u>	<u>5,173</u>
Creditors, amounts falling due within one year	9	(5,487)	(5,117)
Net current liabilities		<u>(776)</u>	<u>56</u>
Total assets less current liabilities		<u>(776)</u>	<u>56</u>
Net liabilities		<u>(776)</u>	<u>56</u>
Capital and reserves			
Called up share capital	10	50	50
Profit and loss account	11	(826)	6
Shareholders' (deficit)/funds	11	<u>(776)</u>	<u>56</u>

These financial statements were approved by the Board of Directors on 30th October 2008



E Kamm
Director

1 Accounting policies

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

The Directors consider it is appropriate to prepare the financial statements on a going concern basis because the Company's ultimate parent undertaking has undertaken to provide the Company with continuing financial support for a period of not less than 12 months from the date of these financial statements to the extent that the Company is unable to meet its obligations itself.

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:

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Repairs and maintenance costs are expensed as incurred.

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.

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.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under lease contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the lease contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

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.

Travelbargains Limited
Notes to the Accounts
for the year ended 31 Dec 2007

2 Turnover

Total Transaction Value (TTV) which is stated net of value added tax, does not represent the Company's statutory turnover. TTV represents the invoice price at which the goods or services have been sold to the customer.

Where the Company acts as principal and purchases the products or services for resale, turnover represents the gross invoice value. Where the Company acts as agent and does not take ownership of the products or services being sold, turnover represents commission earned.

Turnover also includes advertising and sponsorship income which is recognised over the period to which it relates.

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax.

Turnover and pre-tax profit are attributable to the principal activity and are earned predominantly within the United Kingdom, notwithstanding the company's activities as a travel agent are predominantly for destinations overseas.

Turnover is recognised on a departure date basis.

3 Operating loss	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
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This is stated after charging

Depreciation of owned fixed assets	-	18
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The auditors' remuneration has been borne by other group companies and the cost to the Company is estimated to be £8k. No amounts were payable to Ernst & Young LLP for non-audit services during the current or previous period.

4 Staff costs	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
(a) Staff Costs		
Wages and salaries	215	737
Social security costs	17	79
Other pension costs	(4)	2
	<u>228</u>	<u>818</u>

The average monthly number of employees during the year was made up as follows:

	Number	Number
Administration	3	5
Sales	7	26
	<u>10</u>	<u>31</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 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 an investment account in the name of the individual employee or pays the cash equivalent direct 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.

5 Interest payable	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Bank loans and overdrafts	-	2
	<u>-</u>	<u>2</u>

Travelbargains Limited
Notes to the Accounts
for the year ended 31 Dec 2007

6 Taxation	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	-	32
Deferred tax		
Origination and reversal of timing differences	18	10
Tax (overprovided)/ underprovided in previous years	(29)	-
Effect of tax rate change	5	-
Tax on profit on ordinary activities	(6)	42

(b) Factors affecting tax (credit) / charge for period

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% (2006 30%)

The difference is reconciled below

	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Loss on ordinary activities before tax	(838)	(1,436)
Standard rate of corporation tax in the UK	30%	30%
	£000	£000
Loss on ordinary activities multiplied by the standard rate of tax of 30% (2006 30%)	(251)	(431)
Effects of		
Expenses not deductible for tax purposes	2	-
Capital allowances for period in excess of depreciation	(19)	(10)
Losses surrendered to other group companies	268	441
Adjustments to tax charge in respect of previous periods	-	32
Current tax charge for period	-	32

(c) Deferred tax asset	Year to 31 Dec 2007 £000	15 months to 31 Dec 2006 £000
Decelerated capital allowances	52	46
	£000	£000
Balance brought forward	46	56
Deferred tax credit / (charge) in profit and loss account	6	(10)
Balance carried forward	52	46

Travelbargains Limited
Notes to the Accounts
for the year ended 31 Dec 2007

7 Tangible fixed assets

	Short leasehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2006 and at 31 December 2007	50	337	387
Depreciation			
At 1 January 2006 and at 31 December 2007	50	337	387
Net book value			
At 1 January 2006 and at 31 December 2007	-	-	-

8 Debtors	2007 £000	2006 £000
Trade debtors	2	2
Amounts owed by group undertakings	4,116	2,514
Prepayments and accrued income	344	34
Corporation tax	-	204
Deferred tax asset	52	46
	<u>4,514</u>	<u>2,800</u>

The Company's ultimate parent undertaking has provided to honour amounts owed by group undertakings

9 Creditors amounts falling due within one year	2007 £000	2006 £000
Trade creditors	128	54
Amounts owed to group undertakings	5,348	4,954
Other taxes and social security costs	6	27
Accruals and deferred income	5	82
	<u>5,487</u>	<u>5,117</u>

10 Authorised and issued share capital	2007 No	2006 No	2007 £000	2006 £000
Authorised				
Ordinary shares of £1 each	50,000	50,000	50	50
	2007 No	2006 No	2007 £000	2006 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each	50,000	50,000	50	50

11 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital £000	Profit and loss account £000	Total shareholders funds/(deficit) £000
At 1 October 2005	50	1,484	1,534
Loss for the period	-	(1,478)	(1,478)
At 31 December 2006 and 1 January 2007	50	6	56
Loss for the year	-	(832)	(832)
At 31 December 2007	50	(826)	(776)

Travelbargains Limited
Notes to the Accounts
for the year ended 31 Dec 2007

12 Cashflow statement

In accordance with FRS 1 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

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 parties

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 available

15 Parent undertaking and controlling party

The immediate parent company is Med Group Limited, a company incorporated in England and Wales. On March 30, 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 March 30, 2007 the ultimate holding company became Sovereign Holdings, Inc., a company incorporated in Delaware, United States of America.

The smallest and largest group for which consolidated financial statements are prepared is Sabre Holdings. The registered office of Sabre Holdings is 3150 Sabre Drive, Southlake, Texas, USA.