

Registered number
04357078

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)

Report and financial statements
for the year ended 31 December 2008

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Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Report and financial statements
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Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Company information

Directors

E Kamm
I McCaig
J Donaldson
S Thompson

Secretary

I Lindsay

Auditor

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London Thames Valley Office
Slough
SL1 2LS

Registered office

39 Victoria Street
London
SW1H 0EU

Registered number

04357078

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The Company's principal activity during the year continued to be that of overseas hotel accommodation booking agents.

The results for the Company show turnover of £452,000 (restated 2007: £1,542,000) and profit after tax of £347,000 (restated 2007: £416,000).

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

		(restated)
	2008	2007
	£000	£000
TTV	2,649	7,608
Profit after tax	347	416
Shareholders' deficit	(1,659)	(2,054)

As a result of operating in an uncertain economic environment and having re-evaluated its position in the marketplace, the Company reduced its marketing investment in 2008. Additionally in the second half of the year the Company's website traffic was redirected to another Group company. As a result of these factors TTV declined by 65%.

Principal risks and uncertainties

As the Company is no longer trading the directors do not consider there are any significant risks or uncertainties.

Events since the balance sheet date

On 7 January 2009, lastminute.com Limited entered into a sale agreement with Hotels4U.com Limited ("Hotels4U") whereby Hotels4U acquired the assets of Secret Hotels2 Limited (formerly known as Med Hotels Limited), Secret Hotels3 Limited (formerly known as Hoteltransfer Limited), Secret Hotels4 Limited (formerly known as Holiday Hotels Limited), Holiday Service GmbH (formerly known as Medhotels.com GmbH) and Taskbrook Limited. These entities remain part of the lastminute.com group of companies.

On 25 February 2009 the Company changed its name to Secret Hotels4 Limited.

Future developments

The directors intend that the Company will be wound down following the sale of the assets of the business as detailed in the paragraph above.

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Directors' report (continued)

Directors

The directors who served during the period, and subsequently, are as follows:

I McCaig

E Kamm

D Tassone (resigned 6 February 2008)

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

J Bevan (resigned 15 October 2008)

J Donaldson (appointed 31 October 2008)

S Thompson (appointed 31 October 2008)

Supplier payment policy

The Company agrees payment terms and conditions with individual suppliers, which vary according to the commercial relationship and the terms of the agreements reached, and establishes terms of trade consistent with practice in its country of operation.

Disclosure of information to the auditor

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware;
- the directors have taken all steps that they ought to have taken to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

Auditor

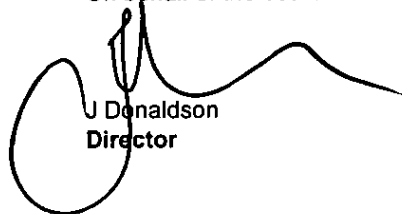
Grant Thornton UK LLP were appointed as auditor on 1 May 2009 to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 288(1) of the Companies Act 2006.

Liability Limitation Agreement with the auditor

The Company entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2008. The proportionate liability agreement follows the standard terms in the Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the shareholders on 29 May 2009.

On behalf of the board



J Donaldson
Director

2 October 2009

Company number: 0435 7078

Secret Hotels4 Limited
(formerly known as Holiday Hotels 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). 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.

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Independent auditor's report to the members

We have audited the financial statements of Secret Hotels4 Limited (formerly known as Holiday Hotels Limited) for the year ended 31 December 2008 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 16. 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 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 auditor

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 2008 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.

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London Thames Valley Office
Slough
SL1 2LS

7 October 2009

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Profit and loss account
for the year ended 31 December 2008

	Notes	2008 £000	(restated) 2007 £000
Total Transaction Value (TTV)	2	<u>2,649</u>	<u>7,608</u>
Turnover	2	<u>452</u>	<u>1,542</u>
Operating Costs			
Sales & marketing		95	(487)
General & administrative	3	(195)	(467)
Operating exceptional items	4	-	(171)
Operating profit		<u>352</u>	<u>417</u>
Interest payable and similar charges	6	(5)	(1)
Profit on ordinary activities before taxation		<u>347</u>	<u>416</u>
Tax on profit on ordinary activities	7	-	-
Retained profit for the financial year		<u><u>347</u></u>	<u><u>416</u></u>

All operations are now discontinued.

Statement of total recognised gains and losses
for the year ended 31 December 2008

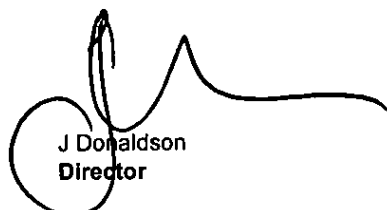
	2008 £000	(restated) 2007 £000
Profit for the financial year and transferred to reserves	<u>347</u>	<u>416</u>
Total recognised gains and losses for the year	347	416
Prior year adjustment (see note 15)	48	-
Total gains and losses recognised since last financial statements	<u><u>395</u></u>	<u><u>416</u></u>

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

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Balance sheet
as at 31 December 2008

	Notes	£000	2008 £000	(restated) 2007 £000
Current assets				
Debtors	8	4,823		5,137
Cash at bank and in hand		-		53
		<u>4,823</u>		<u>5,190</u>
Creditors: amounts falling due within one year	9	<u>(6,482)</u>		<u>(7,244)</u>
Total assets less current liabilities			<u>(1,659)</u>	<u>(2,054)</u>
Net liabilities			<u>(1,659)</u>	<u>(2,054)</u>
Capital and reserves				
Called up share capital	10		2	2
Profit and loss account	11		<u>(1,661)</u>	<u>(2,056)</u>
Equity shareholders' deficit	11		<u>(1,659)</u>	<u>(2,054)</u>

These financial statements were approved by the directors and authorised for issue on 2 October 2009, and are signed on their behalf by:


J Donaldson
Director

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

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Notes to the financial statements
for the year ended 31 December 2008

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.

The directors have reviewed the principal accounting policies of the Company and consider that they remain the most appropriate for the Company

The principal accounting policies of the Company are set out below. There was a change in accounting policy during the year to recognise revenue on hotel accommodation bookings on a departure date basis rather than on an order date basis (see notes 2 and 15). All other policies remain unchanged from the prior year.

Going concern

The Company's liabilities at 31 December 2008 exceeded its assets at that date. The directors consider it is appropriate to prepare the financial statements on a going concern basis as Sabre Holdings Corporation 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.

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 gains and losses arising as a result are taken to the profit and loss account.

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.

2 TTV and 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.

The Company acts as agent and does not take ownership of the products or services being sold, with turnover representing commission earned and is recognised on a departure date basis.

Turnover and pre-tax loss 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.

From 1 January 2008 the company changed its accounting policy to recognise TTV and turnover on a departure date basis rather than an order date basis. This was done to bring the Company in line with UK GAAP as well as Sabre Group's accounting policies. In accordance with FRS5 "Reporting the substance of transactions", revenue is the right to consideration that arises when and to the extent that a seller performs its contractual obligations. For hotel bookings the Company earns the commission on fulfilment of the booking which is at date the customer checks-in to the hotel, or 'departure date'. In addition, the customer is entitled to cancel or amend the booking up and until the departure date, hence it is considered more appropriate to defer any revenue recognition to the later date.

The impact of this change in accounting policy is to decrease TTV and increase turnover in the prior year by £207,000 and £5,000 respectively (see note 15).

3 Auditor's remuneration

The auditor's remuneration has been borne by other group companies and the cost to the Company is estimated to be £3,150. Fees for non audit services are estimated to be £1,278 (2007: £4,117).

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Notes to the financial statements
for the year ended 31 December 2008

4 Operating exceptional items

	2008 £000	2007 £000
Recognised in arriving at operating loss:		
Provision for irrecoverable balances	-	171

During 2007 the Company suffered a significant accounting systems issue that resulted in the business restoring records and making a provision for sums deemed incorrectly paid/received after this period as the system issues were resolved.

5 Staff costs

All staff are contracted with Lastminute Network Limited, another group company. However, the relevant legal entity has agreed to bear the cost for appropriate staff through a monthly recharge from Lastminute Network Limited.

Directors' emoluments

The directors received no remuneration for their services in respect of the Company in either the current or preceding period.

6 Interest payable and similar charges

	2008 £000	2007 £000
Bank loans & overdrafts	5	1

7 Tax

(a) Tax on profit on ordinary activities

Tax charge in the current year is £nil (2007: £nil).

	2008 £000	2007 £000
(b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	347	416
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).	99	125
<i>Effects of:</i>		
Permanent differences	(4)	51
Other timing differences	1	(1)
Group relief surrendered/(claimed)	4	(175)
Utilisation of tax losses	(100)	-
Current tax charge for the year	-	-

(c) Deferred tax

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

	2008 £000	2007 £000
Losses	82	187
Decelerated capital allowances	21	15
Other timing differences	-	(1)
Total	103	201

The deferred tax assets have not been recognised as it is not sufficiently certain that the Company will have sufficient suitable taxable profits for these items to reverse due to the subsequent sale of the business.

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Notes to the financial statements
for the year ended 31 December 2008

8 Debtors	2008	2007
	£000	£000
Trade debtors	10	381
Amounts owed by group undertakings	4,810	4,675
Other taxes and social security costs	3	-
Prepayments and accrued income	-	81
	4,823	5,137

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

9 Creditors: amounts falling due within one year	2008	2007
	£000	(restated) £000
Bank overdraft	228	-
Trade creditors	11	2,280
Amounts owed to group undertakings	6,144	4,846
Other creditors	-	52
Accruals and deferred income	99	66
	6,482	7,244

10 Authorised and issued share capital	2008	2007	2008	2007
	No.	No.	£000	£000
Authorised:				
Ordinary 'A' shares of £0.01 each	49,900	49,900	-	-
Ordinary 'B' shares of £0.01 each	30,100	30,100	-	-
Ordinary 'C' shares of £0.05 each	10,000	10,000	1	1
Ordinary 'D' shares of £0.05 each	10,000	10,000	1	1
	100,000	100,000	2	2
	2008	2007	2008	2007
	No.	No.	£000	£000
Allotted, called up and fully paid:				
Ordinary 'A' shares of £0.01 each	49,900	49,900	-	-
Ordinary 'B' shares of £0.01 each	30,100	30,100	-	-
Ordinary 'C' shares of £0.05 each	10,000	10,000	1	1
Ordinary 'D' shares of £0.05 each	10,000	10,000	1	1
	100,000	100,000	2	2

11 Reconciliation of shareholders' deficit and movement on reserves

	Called up share capital	Profit and loss account	Total equity
	£000	£000	shareholders' deficit
			£000
At 1 January 2007 (reported)	2	(2,419)	(2,417)
Restatement of opening reserves	-	(53)	(53)
At 1 January 2007 (restated)	2	(2,472)	(2,470)
Profit for the period (reported)	-	411	411
Prior year adjustment	-	5	5
Profit for the period (restated)	-	416	416
At 31 December 2007 (restated)	2	(2,056)	(2,054)
Profit for the year	-	395	395
At 31 December 2008	2	(1,661)	(1,659)

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Notes to the financial statements
for the year ended 31 December 2008

12 Contingent liabilities

The Company has entered into cross-guarantee and indemnity arrangements with the Group's bankers for the provision of various bonds, guarantees and overdraft facilities provided by the bank to the Company and other Group companies to a maximum of £131.9m (2007: £104.5m).

13 Related party transactions

The Company has taken advantage of the exemption under FRS 8 (Related Party Transactions) not to disclose transactions with other group undertakings as the consolidated financial statements of the group, Sabre Holdings Corporation, are publicly available.

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.

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

15 Prior year adjustment

From 1 January 2008 the company changed its accounting policy to recognise TTV and turnover on a departure date basis rather than an order date basis. This was done to bring the Company in line with UK GAAP as well as the Group's accounting policies. In accordance with FRS5 "Reporting the substance of transactions", revenue is the right to consideration that arises when and to the extent that a seller performs its contractual obligations. For hotel bookings the Company earns the commission on fulfilment of the booking which is at date the customer checks-in to the hotel, or 'departure date'. In addition, the customer is entitled to cancel or amend the booking up and until the departure date, hence it is considered more appropriate to defer any revenue recognition to the later date.

The financial impact of this change in accounting policy is to decrease closing reserves at 31 December 2007 by £48k with a corresponding increase in creditors to reflect deferred profit not yet recognised. Additionally, the profit and loss account for 2007 is increased by £5k.

The prior year adjustment has the following impact on the 2007 profit and loss account:

	As previously reported £000	Prior year adjustment £000	As restated £000
Total Transaction Value (TTV)	7,815	(207)	7,608
Turnover	<u>1,537</u>	<u>5</u>	<u>1,542</u>

The prior year adjustment impacts on the following 2007 balance sheet as follows:

Creditors: amounts falling due within one year	(7,196)	(48)	(7,244)
Total assets less current liabilities	<u>(2,005)</u>	<u>(48)</u>	<u>(2,054)</u>
Net liabilities	<u>(2,005)</u>	<u>(48)</u>	<u>(2,054)</u>
Capital and reserves			
Profit and loss account	(2,008)	(48)	(2,056)
Equity shareholders' deficit	<u>(2,005)</u>	<u>(48)</u>	<u>(2,054)</u>

Secret Hotels4 Limited
(formerly known as Holiday Hotels Limited)
Notes to the financial statements
for the year ended 31 December 2008

16 Post balance sheet event

On 7 January 2009, lastminute.com Limited entered into a sale agreement with Hotels4U.com Limited ("Hotels4U") whereby Hotels4U acquired the assets of Secret Hotels2 Limited (formerly known as Med Hotels Limited), Secret Hotels3 Limited (formerly known as Hoteltransfer Limited), Secret Hotels4 Limited (formerly known as Holiday Hotels Limited), Holiday Service GmbH (formerly known as Medhotels.com GmbH) and Taskbrook Limited. These entities remain part of the lastminute.com group of companies.