

Registered No. 620104

Portman Travel Limited
Report and Financial Statements

31 December 2008

Directors and advisors

Directors

G N Flack (Chief Executive)
D A Canavan
M J Hare
M E Aldridge (Non-Executive)
A G Wormsley (Non-Executive)

Secretary

D A Canavan

Auditors

Ernst & Young LLP
George House
50 George Square
Glasgow G2 1RR

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Bankers

Clydesdale Bank PLC
91 Gresham Street
London EC2V 7BL

Registered Office

Royal London House
22-25 Finsbury Square
London EC2A 1DX

Corporate overview

With over fifty years experience in delivering first-rate travel services to corporations large and small, Portman has developed an enviable reputation in becoming one of the largest travel management companies in the UK. At Portman we have a single, critical purpose in ensuring our customers' travel programmes work at their best for the travellers, travel bookers and the corporation itself. Simply put:

We help our customers buy better

Achieving this aim demands a unique balance of human expertise, commercial insight and practical application, so that we consistently improve the effectiveness of customers' travel programmes.

A Customer Centric Organisation

As a leader in travel management solutions, Portman possesses many strengths - formidable buying power, a tradition of service excellence, and, most importantly, an attitude of mind that places the customers' perspective at the heart of our service response.

Travel management means providing quantifiable corporate value as well as producing the outstanding service demanded by today's travelling executives and travel arrangers. Our strong service culture is delivered by highly experienced travel consultants, being assisted with online transactions by our dedicated fulfilment team, and emergency help from our specialist 24-hour service.

Reassurance and Responsibility

The recent economic turbulence has meant that customers have undertaken extensive and far reaching reviews of their travel policies and spend levels. We respond to this challenge by sourcing the best available price for each transaction on behalf of the customer. Additionally we drive process savings and maximise online adoption levels to achieve meaningful cost reductions.

Companies continue have a keen sense of duty of care to their travelling employees, whilst travellers themselves are more sensitive than before to the pressures of doing business internationally. We want to minimise inconvenience and uncertainty for travellers, their families and employers. This thinking helped us develop proactive services such as Portman alerts and installing traveller tracking mechanisms so that head offices have real time data on all their travelling personnel. All of our services are backed up by first class management information that is accessible to all our customers.

In response to the planet's growing environmental challenge, we launched the Portman Forest, a groundbreaking ecoSmart scheme designed to enable and encourage our customers to offset their CO₂ emissions generated by domestic and international travel by supporting renewable energy, energy efficiency and sustainable forestry projects around the world.

Innovation and Global Reach

Portman solutions are always tailored to customers' specific needs. We create compelling service blends that incorporate the wealth of human expertise found throughout our network, together with LiveWire, our highly cost-efficient online service, which provides users the widest choice, and best available fares in a single simple display. We are a major shareholder, with board representation, in Radius, the global travel company, and this allows us to extend our service capability worldwide through more than 6,000 partner offices in over 70 countries. By working more closely with Radius, we have been able to extend our appeal to customers who need more global solutions and this support network will be leveraged more intensively for further business development going forward.

The Partner of Choice

At Portman we want to be recognised as the best in the business. Our unique position is based on the combination of the advantages of our substantial buying power and industry know-how with the culture of customer service and responsiveness rarely found in organisations of our size.

Directors' report

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

Results and dividend

The profit for the year, after taxation, amounted to £5.3m (2007 – £5.4m).

Equity dividends of £245.00 (2007 – £181.85) per share have been approved and paid in the year.

Principal activities

The principal activity of the company is providing travel management consultancy for business customers.

Operating review

Trading review

The board reports a profit before tax for the year ended 31 December 2008 of £5.5m (2007 – £6.4m), a reduction year on year of 14%. This result includes the trading results of the business transferred from Fleet Street Travel Limited from the 1 May 2008.

Overall sales have increased by £35m – 12% during 2008. The acquisition of the Fleet Street Travel business delivered additional £48m sales whilst the core business experienced a reduction in turnover of 4% year on year due to the impact of the economic climate in the second half of 2008. Customer transactions handled were up 14% resulting in a 2% lower average sales value whilst maintaining prior year income per transaction levels. Income from suppliers has remained static.

Overhead costs, net of acquisition/reorganisation costs, of £25.3m are £4.1m (19%) higher than 2007 and represent 79% (2007 –74%) of income generated.

The majority shareholder in Portman Group Holdings Limited (the ultimate parent company of Portman Travel Limited) is Super Selector S.a.r.l, headquartered in Luxembourg, which is a wholly owned subsidiary of funds advised by Vision Capital LLP (Vision) which is based in London

Portman continued to act as a consolidator in the marketplace with the successful integration of the Fleet Street Travel business during 2008.

Principal risks and uncertainties

Market risks

The business travel market, like most business sectors, has been and will continue, for the rest of 2009, to be adversely affected by the recession being experienced in the United Kingdom and the rest of the world. Customers are actively seeking ways of reducing travel and related expenditure and Portman is focussed on assisting customers to achieve these goals whilst positioning the business to be ready to respond proactively once this recession has passed.

Management are pleased to report that online transactions booked through Portman now account for over 13% of total transactions in 2008. This trend coupled with Portman's fully managed travel management service continues to provide a holistic "one stop shop" solution for customers, both existing and prospective.

Directors' report (continued)

Financial risk management objectives and policies

The company's principal financial instruments are cash, debt discounting, term loans and general banking facilities all of which are utilised to facilitate normal trading operations and where appropriate acquisitions.

The main risks from the company's financial instruments are credit and cash flow risk.

The company mitigates credit risk by thorough credit vetting of customers prior to commencement of trade and periodically thereafter, systematic enforcement of credit limits and agreed payment terms and insuring of trade debt.

The company mitigates cash flow risk by use of third party working capital facilities, enforcement of customer credit limits and agreed payment terms.

The company operates internationally and is exposed to limited foreign exchange risk arising from the Euro. The exchange risk arises as an element of Sterling denominated income is dependent on Euro denominated cost.

Future developments

The board aim to maintain the development of the business by organic growth and acquisition, coupled with continuous productivity and efficiency gains. The company seeks to develop closer links with international partners via Radius. Acquisition opportunities will continue to arise in 2009 and Portman is strategically placed to increase market share by acquisition of companies which are a suitable cultural, geographical and business fit.

Directors

The directors of the company during the year were as follows:

M E Aldridge	(appointed March 2008)
G N Flack	
D A Canavan	
M J Hare	(appointed March 2008)
A G Wormsley	(appointed March 2008)
R D Govan	(resigned December 2008)

Disabled persons

It is the company's policy to give full consideration to suitable applications for employment from disabled persons. Opportunities exist for employees of the company who become disabled to continue in their employment or to be trained for other positions within the company.

Employee involvement

The company is committed to involving all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company. Employees participate directly in the success of the business through the company's bonus scheme.

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Supplier payment policy and practice

The company negotiates payment arrangements and other terms and conditions with all its principal suppliers. Payments to suppliers are made in accordance with negotiated arrangements. The average number of days purchases in trade creditors was 33 days (2007 – 32 days).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the forthcoming Annual General Meeting.

By order of the Board

G N Flack
Director

24th June 2009

Statement of directors' responsibilities in respect of the financial statements

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 of the company 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Portman Travel Limited

We have audited the financial statements of Portman Travel Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 26. 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 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 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 preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 the 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and Corporate Overview. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Independent auditors' report

to the members of Portman Travel Limited (continued)

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.

Ernst & Young LLP
Registered Auditor
Glasgow

25th June 2009

Profit and loss account

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £000	<i>2007</i> £000
Turnover	2/3	332,235	296,783
Cost of sales		300,028	268,180
		<hr/>	<hr/>
Income generated		32,207	28,603
Distribution costs		17,487	15,078
Administration costs		9,239	6,951
		<hr/>	<hr/>
Operating profit before goodwill amortisation		5,481	6,574
Goodwill amortisation	10	160	160
		<hr/>	<hr/>
Operating profit	4	5,321	6,414
Interest income	7	(181)	(86)
Other finance (income)/expense	7	(8)	97
		<hr/>	<hr/>
Profit on ordinary activities before taxation		5,510	6,403
Taxation	8(a)	250	968
		<hr/>	<hr/>
Profit attributable to shareholders	19/20	5,260	5,435
		<hr/> <hr/>	<hr/> <hr/>

Statement of total recognised gains and losses

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
<i>Profit for the year</i>		5,260	5,435
Actuarial (loss)/gain recognised on defined benefit pension scheme	22	(2,180)	1,355
Movement on deferred tax relating to pension liability		610	(406)
<i>Total gains relating to the year</i>		3,690	6,384

Balance sheet

at 31 December 2008

	<i>Notes</i>	<i>2008</i> £000	<i>2007</i> £000
Fixed assets			
Intangible assets - goodwill	10	2,862	3,022
Tangible assets	11	1,577	1,073
Investments	12	127	127
		<u>4,566</u>	<u>4,222</u>
Current assets			
Trade debtors subject to limited recourse financing	13	15,998	22,193
Less non-returnable amounts received	13	–	(5,063)
		<u>15,998</u>	<u>17,130</u>
Other debtors:			
Amounts receivable after more than one year	13	10,560	10,090
Amounts receivable within one year	13	3,709	3,031
Cash at bank and in hand		3,560	–
		<u>33,827</u>	<u>30,251</u>
Creditors: amounts falling due within one year	14	19,778	19,472
		<u>14,049</u>	<u>10,779</u>
Net current assets		<u>18,615</u>	<u>15,001</u>
Total assets less current liabilities		<u>18,615</u>	<u>15,001</u>
Creditors: amounts falling due after more than one year	15	6,531	3,085
Pension liability	22	1,794	416
		<u>10,290</u>	<u>11,500</u>
Net assets		<u>10,290</u>	<u>11,500</u>
Called up share capital			
Ordinary shares	18	2,000	2,000
Profit and loss account	19	8,290	9,500
		<u>10,290</u>	<u>11,500</u>
Equity shareholders' funds	20	<u>10,290</u>	<u>11,500</u>

G N Flack
Director

24th June 2009

Statement of cash flows

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
<i>Cash flow from operating activities</i>	23(a)	10,049	7,609
<i>Returns on investments and servicing of finance</i>	23(b)	181	(519)
<i>Taxation</i>		(1,068)	(1,280)
<i>Capital expenditure</i>	23(b)	(554)	(743)
<i>Equity dividends paid</i>		(4,900)	(3,637)
<i>Cash flow before financing</i>		<u>3,708</u>	<u>1,430</u>
<i>Financing</i>	23(b)	(128)	(1,427)
<i>Increase in cash in year</i>		<u><u>3,580</u></u>	<u><u>3</u></u>

Reconciliation of net cash flow to movement in net funds

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Increase in cash in year	23(c)	3,580	3
Loan repayments		-	680
Decrease in amounts returnable from limited recourse financing		303	747
Hire Purchase		(175)	-
<i>Change in net debt resulting from cash flows</i>		<u>3,708</u>	<u>1,430</u>
Net debt at 1 January		(3,043)	(4,473)
<i>Net funds at 31 December</i>	23(c)	<u><u>665</u></u>	<u><u>(3,043)</u></u>

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Accounting convention

The financial statements of Portman Travel Limited were approved for issue by the Board of Directors on 24th June 2009.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Revenue recognition policy

Revenue, which is stated net of value added tax, predominantly represents amounts invoiced to third parties and includes travel services such as airline, hotel and rental car reservations. Revenue is recognised when the transaction is contracted with the supplier.

Goodwill

Goodwill arising on the acquisition of businesses, which represents the excess of the purchase consideration for subsidiary companies or businesses over the fair value ascribed to their net assets at the respective dates of acquisition is capitalised and amortised over its estimated useful economic life, on a straight line basis subject to a maximum of 20 years. This amortisation policy reflects the directors' assessment of the benefits realised from the acquisition.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Depreciation

Depreciation is calculated at rates designed to write off the cost of assets evenly over their expected useful lives as follows:

Leasehold property	–	over the lease period by equal annual instalments
Office furniture and fittings	–	10 years
Computers	–	3 to 5 years
Office machinery	–	8 years
Motor vehicles	–	4 years

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, or less tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

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.

Pension benefits

The Company operates a defined benefit pension scheme. On the advice of an independent qualified actuary, contribution payments are made to the scheme to ensure that the scheme's assets are sufficient to cover future liabilities. Pension scheme assets are measured using market values. Pension scheme liabilities are measured, using the projected unit method and discounted at the rate of return on an AA rated corporate bond of equivalent term. Any increase in the present value of the liabilities of the fund expected to arise from employee service is charged against operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/expense. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rates of exchange. All exchange differences so arising are reported as part of the profit for the year.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if they are not included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument.

Leases

Rental costs in respect of all other leases are charged to the profit and loss account as incurred.

2. Turnover

Turnover which is stated net of value added tax represents, with the exception of referral sales, amounts invoiced to third parties. Turnover is attributable to the company's continuing activities.

3. Segmental analysis

The company's turnover and profit before taxation are derived from, and the net assets are attributable to, its principal activity of business travel services which is carried on entirely within the United Kingdom.

Notes to the financial statements

at 31 December 2008

4. Operating profit

This is stated after charging the following:

	2008	2007
	£000	£000
Debt factor's charges (excluding interest)	405	431
Depreciation of owned fixed assets	399	405
Depreciation of assets held under hire purchase contracts	19	–
Amortisation of goodwill	160	160
Auditors' remuneration	113	119
Operating lease rentals for plant and machinery	414	344
Operating lease rentals for land and buildings	1,051	921
	<u> </u>	<u> </u>

The remuneration of the auditors is further analysed as follows:

	2008	2007
	£000	£000
Audit of the financial statements	63	65
Other fees – other services	35	36
– taxation services	15	18
	<u> </u>	<u> </u>
	113	119
	<u> </u>	<u> </u>

5. Staff costs

	2008	2007
	£000	£000
Wages and salaries	14,193	12,200
Social Security costs	1,266	1,131
Other pension costs	558	502
	<u> </u>	<u> </u>
	16,017	13,833
	<u> </u>	<u> </u>

The average number of employees during the year is shown below and is broken down into the following categories:

	2008	2007
	No.	No.
Management (directors and operational management)	17	18
Operations (branch management and staff)	635	540
	<u> </u>	<u> </u>
	652	558
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2008

6. Directors' emoluments

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Emoluments	548	628
	<u> </u>	<u> </u>
	<i>2008</i>	<i>2007</i>
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension scheme	2	3
	<u> </u>	<u> </u>
The amounts in respect of the highest paid director are as follows:		
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Emoluments	193	269
	<u> </u>	<u> </u>
Accrued pension at the end of the year	63	59
	<u> </u>	<u> </u>

7. Interest income and other finance expense

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Other interest expense	(13)	–
Interest payable on limited recourse facility	119	286
Interest on loan	183	233
Interest on amount due from a group company	(470)	(605)
	<u> </u>	<u> </u>
	(181)	(86)
	<u> </u>	<u> </u>
Other finance expense:		
Interest on pension scheme liabilities	539	514
Expected return on pension scheme assets	(547)	(417)
	<u> </u>	<u> </u>
	(8)	97
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2008

8. Tax

(a) The charge based on the profit for the year comprises:

	<i>Notes</i>	<i>2008</i> £000	<i>2007</i> £000
<i>UK corporation tax</i>			
Current year charge	8(b)	120	971
<i>Deferred tax</i>			
Pension contributions in excess of pension charge		75	61
Decelerated capital allowances		(28)	(5)
Other timing differences		83	(59)
		<u>130</u>	<u>(3)</u>
Tax on profit on ordinary activities		<u>250</u>	<u>968</u>

(b) The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<i>Notes</i>	<i>2008</i> £000	<i>2007</i> £000
Profit on ordinary activities before tax		5,510	6,403
Profit on ordinary activities multiplied by standard rate of corporation tax rate of 28.5% (2007 – 30%)		<u>1,570</u>	<u>1,921</u>
<i>Effect of:</i>			
Disallowed expenses and non taxable income		25	(91)
Fixed asset timing differences		(29)	8
Other timing differences		(93)	73
Group relief		(1,166)	(891)
Pension provision		(76)	(49)
Utilisation of brought forward tax losses		(111)	-
	8(a)	<u>120</u>	<u>971</u>

Notes to the financial statements

at 31 December 2008

8. Tax (continued)

(c) Other than deferred tax there are no additional factors known that will affect future periods' tax charge.

(d) The deferred tax asset included in the balance sheet, in debtors (note 13) consists of:

	2008 £000	2007 £000
Decelerated capital allowances	67	40
Other timing differences	97	180
	<u>164</u>	<u>220</u>
	<u><u>164</u></u>	<u><u>220</u></u>
At 1 January	220	156
Profit and loss account	(56)	64
	<u>164</u>	<u>220</u>
	<u><u>164</u></u>	<u><u>220</u></u>

(e) The deferred tax asset arising on the pension deficit is included in the pension liability (note 21).

9. Dividends

	2008 £000	2007 £000
Dividend approved in the year		
£245.00 per share (2007 – £181.85)	4,900	3,637
	<u>4,900</u>	<u>3,637</u>
	<u><u>4,900</u></u>	<u><u>3,637</u></u>

10. Goodwill

	£000
Cost:	
At 1 January 2008 and 31 December 2008	6,980
Amortisation:	
At 1 January 2008	3,958
Amortisation in year	160
	<u>4,118</u>
At 31 December 2008	4,118
Net book amount:	
At 31 December 2008	2,862
	<u><u>2,862</u></u>
At 31 December 2007	3,022
	<u><u>3,022</u></u>

Goodwill arising on acquisition is amortised over the directors' estimate of its useful life of 20 years.

Notes to the financial statements

at 31 December 2008

11. Tangible assets

	<i>Short leasehold property £000</i>	<i>Office furniture and fittings £000</i>	<i>Computers and office machinery £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:					
At 1 January 2008	438	1,349	4,647	36	6,470
Transfers from subsidiary undertaking	–	15	353	–	368
Additions	–	124	430	–	554
Disposals	–	–	–	(7)	(7)
At 31 December 2008	438	1,488	5,430	29	7,385
Depreciation:					
At 1 January 2008	421	1,056	3,884	36	5,397
Charge for year	7	59	352	–	418
Disposals	–	–	–	(7)	(7)
At 31 December 2008	428	1,115	4,236	29	5,808
Net book amount:					
At 31 December 2008	10	373	1,194	–	1,577
At 31 December 2007	17	293	763	–	1,073

The net book value of office and machinery includes an amount of £200,638 in respect of assets held under hire purchase contract, arising from the acquisition of Fleet Street Travel Limited.

12. Fixed asset investment

	<i>£000</i>
Cost:	
At 1 January 2008	127
Additions	–
At 31 December 2008	127

The fixed asset investment represents 62 class B voting shares in WTT, Inc, d/b/a Radius Global Travel Company (“Radius”). The shareholding represents 10% of the issued share capital, carrying voting rights, of Radius. Radius is a travel management consultancy incorporated in the United States of America.

Notes to the financial statements

at 31 December 2008

13. Debtors

	2008	2007
	£000	£000
Trade debtors subject to limited recourse financing	15,998	22,193
Less non-returnable amounts received	–	(5,063)
	<u>15,998</u>	<u>17,130</u>
<i>Other debtors: amounts receivable after more than one year</i>		
Amounts due by parent company	10,560	10,090
<i>Other debtors: amounts receivable within one year</i>		
Prepayments and accrued income	2,945	2,709
Deferred taxation asset (note 8d)	164	220
Amounts due by parent company	150	102
Taxation - corporation tax	450	–
	<u>3,709</u>	<u>3,031</u>

Trade debtors subject to limited recourse financing represent debt discounted with a finance company in the normal course of business, so that the majority of cash received by the company on discounting is not returnable, and carries interest at variable rates. The returnable element of the proceeds is recorded in creditors due within one year. The company will not make good any losses over and above the agreed recourse limit and the financing company has confirmed their acceptance of this position in writing.

The provider of the finance has agreed in writing that it will seek repayment of the finance, as to both principal and interest, only to the extent that sufficient funds are generated by the specific item it has financed and that it will not seek recourse in any other form.

14. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Bank overdraft	–	20
Trade creditors	9,436	12,951
Other taxes and social security	398	363
Accruals	1,472	1,583
Other creditors	97	377
Returnable element of proceeds received	–	303
Taxation - corporation tax	–	498
Amounts due to parent company	8,277	3,377
Hire purchase creditors (see note 16)	98	–
	<u>19,778</u>	<u>19,472</u>

The term loan is secured by a floating charge over Portman Travel Limited's assets with the exception of trade debt subject to limited recourse financing and amounts held in trust on behalf of IATA.

Notes to the financial statements

at 31 December 2008

15. Creditors: amounts falling due after more than one year

	2008	2007
	£000	£000
Term loan (note 17)	2,720	2,720
Other creditors	254	243
Amounts due to group companies	3,480	122
Hire purchase creditors (see note 16)	77	–
	<u>6,531</u>	<u>3,085</u>
	<u><u>6,531</u></u>	<u><u>3,085</u></u>

16. Obligations under hire purchase contracts

	2008	2007
	£000	£000
Amounts payable within:		
One year	104	–
Between one and two years	78	–
Between two and five years	21	–
	<u>203</u>	<u>–</u>
Less finance charges allocated to future periods	28	–
	<u>175</u>	<u>–</u>
	<u><u>175</u></u>	<u><u>–</u></u>
Obligations are shown as		
Current	98	–
Non-current	77	–
	<u>175</u>	<u>–</u>
	<u><u>175</u></u>	<u><u>–</u></u>

17. Term loan

	2008	2007
	£000	£000
Loans repayable, included within creditors, are analysed as follows:		
Wholly repayable within five years	600	–
Not wholly repayable within five years	2,120	2,720
	<u>2,720</u>	<u>2,720</u>
	<u><u>2,720</u></u>	<u><u>2,720</u></u>

Details of loan not wholly repayable within five years is as follows:

The terms of the secured loan of £2,720,000 results in instalments commencing 31 March 2013, and being fully repaid by 31 December 2014. Repayments total £600,000 in 2013, and £2,120,000 in 2014. Interest is charged at 2% above the bank's base rate, and is paid monthly.

Notes to the financial statements

at 31 December 2008

18. Authorised and issued share capital

	2008	2007	2008	2007
<i>Authorised, allotted, called up and fully paid</i>	£	£	£	£
Deferred Ordinary shares of £1 each	5,000,000	5,000,000	2,000,000	2,000,000
	=====	=====	=====	=====
	2008	2007	2008	2007
<i>Authorised, allotted, called up and fully paid</i>	£	£	£	£
Ordinary shares US\$ 0.01 each "United States Dollar shares" (Authorised /Issued – 20,000 shares)	125	125	125	125
	=====	=====	=====	=====

Deferred Ordinary Shares

The deferred ordinary shareholders are not entitled to vote, attend, nor receive notice of general meetings. They are not entitled to participate in the profits or assets of the company except in the event of winding-up or a return of capital when they are entitled to 0.001% of the assets available for distribution to the members.

United States Dollar Shares

The United States Dollar shares are entitled to all voting rights. In the event of winding-up or a return of capital these shares are entitled to 99.999% of the assets available for distribution to members. These shares carry all rights to participate in the profits and assets of the company.

19. Reserves

	£000
At 31 December 2006 and 1 January 2007	6,753
Profit for year	5,435
Dividend	(3,637)
Actuarial gain net of tax thereon	949

At 31 December 2007	9,500
Profit for year	5,260
Dividend	(4,900)
Actuarial loss net of tax thereon	(1,570)

At 31 December 2008	8,290
	=====

Notes to the financial statements

at 31 December 2008

20. Reconciliation of shareholders' funds

	<i>£000</i>
At 31 December 2006 and 1 January 2007	8,753
Profit for year	5,435
Dividend	(3,637)
Actuarial gain net of tax thereon	949
	<hr/>
At 31 December 2007	11,500
Profit for year	5,260
Dividend	(4,900)
Actuarial loss net of tax thereon	(1,570)
	<hr/>
At 31 December 2008	10,290
	<hr/> <hr/>

21. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases expiring:				
Within one year	113	35	125	18
Between two and five years	599	243	341	249
Thereafter	224	–	419	–
	<hr/>	<hr/>	<hr/>	<hr/>
	936	278	885	267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

With the exception of one lease that expires in 2016 with an annual charge of £20,215, all other leases that expire after five years each contain a break clause that may be executed at Portman's discretion within five years.

22. Pension commitments

The company maintains pension plans for all eligible employees. The major plan is a defined benefits, final pensionable earnings plan, whose funds are administered by trustees and are independent of company finances. The pension costs in respect of the defined benefits plan have been calculated in accordance with FRS 17 Retirement Benefits.

The plan is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions which, together with the specified contributions payable by the employees and proceeds from the plan's assets, are expected to fund the benefits payable under the plan.

The latest valuation of the plan was carried out at 5 April 2007 using the projected unit (PU) method and recorded the market value of the assets of the plan as £8,611,808. The actuarial value of the assets was sufficient to cover 93% of the benefits that would accrue to members. The principal assumptions were that the investment return would be 5.30% per annum, the salary increases would average 3.10% per annum, that pensions would increase in accordance with the rates under the pension plan rules and that LPI (Limited Price Indexation) escalating parts of present and future pensions would increase at the rate of 3.10% per annum.

Notes to the financial statements

at 31 December 2008

22. Pension commitments (continued)

The pension charge for the accounting period under review was £229,000 (2007 – £248,000).

The actuarial valuation carried out at 5 April 2007 was updated to 31 December 2008 by a qualified independent actuary. The major assumptions used by the actuary were:

	<i>At 31 December</i>		
	<i>2008</i>	<i>2007</i>	<i>2006</i>
Rate of increase in salaries	3.2%	3.6%	3.2%
Rate of increase in deferred pensions	3.0%	3.4%	3.0%
Rate of increase in pensions in payment	3.0%	3.4%	3.0%
Discount rate	6.2%	5.6%	5.0%
Inflation	3.0%	3.4%	3.0%

In accordance with FRS 17, the projected unit cost valuation method has been adopted. In January 2002 the plan was closed to new entrants. In future years under this valuation method, the current service cost will increase.

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
<i>Change in benefit obligation</i>		
Benefit obligation at beginning of year	9,520	10,219
Current service cost	229	248
Interest cost	539	514
Plan participants' contributions	103	94
Actuarial (gains)/losses	(1,795)	(1,328)
Benefits paid	(135)	(227)
	8,461	9,520
<i>Analysis of defined benefit obligation</i>		
Plans that are wholly or partly funded	8,461	9,520
	8,461	9,520
<i>Change in plan assets</i>		
Fair value of plan assets at beginning of year	8,942	8,123
Expected return on plan assets	547	417
Actuarial gains/(losses)	(3,975)	27
Employer contribution	488	508
Member contributions	103	94
Benefits paid	(135)	(227)
	5,970	8,942
Funded status	(2,491)	(578)
Related deferred tax asset	697	162
	(1,794)	(416)
	(1,794)	(416)

Notes to the financial statements

at 31 December 2008

22. Pension commitments (continued)

	2008	2007
	£000	£000
Components of pension cost		
Current service cost	229	248
Interest cost	539	514
Expected return on plan assets	(547)	(417)
	<u>221</u>	<u>345</u>
Total pension cost recognised in the P&L account	221	345
Actuarial (gains)/losses immediately recognised in the STRGL	2,180	(1,355)
	<u><u>2,180</u></u>	<u><u>(1,355)</u></u>
Plan assets		
The weighted-average asset allocation at the year-end were as follows:		
	2008	2007
	%	%
Asset category:		
Equities	99	98
Cash	1	2
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>
	2008	2007
	£000	£000
Actual return on plan assets	(3,428)	444
	<u><u>(3,428)</u></u>	<u><u>444</u></u>
Weighted average assumptions used to determine benefit obligations at:		
	2008	2007
	%	%
Discount rate	6.25	5.60
Rate of LPI pension increases	3.00	3.40
Rate of increases in salaries	3.25	3.65
Inflation assumption	3.00	3.40

Notes to the financial statements

at 31 December 2008

22. Pension commitments (continued)

Weighted average assumptions used to determine net pension cost for year ended:

	2008	2007
	%	%
Discount rate	5.60	5.00
Rate of LPI pension increases	3.40	3.00
Rate of increases in salaries	3.65	3.25
Inflation assumption	3.40	3.00

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2008:

	<i>Male</i>	<i>Female</i>
Member age 65 (current life expectancy)	21.3	24.2
Member age 45 (life expectancy at age 65)	23.1	25.9

Five year history

	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Benefit obligation at end of year	8,461	9,520	10,219	9,551	7,214
Fair value of plan assets at end of year	5,970	8,942	8,123	6,826	4,481
Deficit in the plan	(2,491)	(578)	(2,096)	(2,725)	(2,733)
Related deferred tax asset	697	162	629	817	820
Net pension liability	(1,794)	(416)	(1,467)	(1,908)	(1,913)
Difference between actual and expected return on plan assets:					
amount (£000)	(3,975)	27	508	767	176
percentage of plan assets	(67%)	0%	6%	11%	4%
Experience gains and (losses) on plan liabilities:					
amount (£000)	73	106	24	29	(100)
percentage of plan liabilities	1%	1%	0%	0%	1%

The company also operates defined contribution pension plans for certain employees. The assets of the plans are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £314,655 (2007 – £169,415).

Notes to the financial statements

at 31 December 2008

23. Cash flow statement

(a) Reconciliation of operating profit to operating cash flows:

	2008 £000	2007 £000
Operating profit	5,321	6,414
Depreciation charge for the year	418	405
FRS 17 Operating charge	229	248
Amortisation of goodwill	160	160
Decrease/(increase) in trade debtors	1,132	(551)
Increase in other debtors	(236)	(388)
Decrease in inter-company debtor	7,372	2,433
Decrease in trade creditors	(3,515)	(1,150)
Increase in other creditors	(344)	546
Pension contributions	(488)	(508)
	<u>10,049</u>	<u>7,609</u>

(b) Analysis of cash flows for headings netted in the cash flow statement:

	2008 £000	2007 £000
Returns on investments and servicing of finance		
Interest paid	181	(519)
	<u>181</u>	<u>(519)</u>
Capital expenditure		
Purchase of tangible fixed assets	(554)	(631)
Disposal	–	15
Investment in Radius	–	(127)
	<u>(554)</u>	<u>(743)</u>
Financing		
(Decrease)/increase in amounts returnable from limited recourse financing	(303)	(747)
Bank loan repayment	–	(680)
Hire purchase	175	–
	<u>(128)</u>	<u>(1,427)</u>

Notes to the financial statements

at 31 December 2008

23. Cash flow statement (continued)

(c) Analysis of net debt:

	<i>At</i> <i>1 January</i> <i>2008</i> <i>£000</i>	<i>Cash flow</i> <i>31 December</i> <i>2008</i> <i>£000</i>	<i>At</i> <i>31 December</i> <i>2008</i> <i>£000</i>
Cash at bank and in hand	(20)	3,580	3,560
Limited recourse financing returnable amounts	(303)	303	–
Term loan	(2,720)	–	(2,720)
Hire Purchase	-	(175)	(175)
	<u>(3,043)</u>	<u>3,708</u>	<u>665</u>

24. Guarantees

	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Travel industry bonds	1,891	1,932

The company provides guarantees in respect of travel industry bonds in the normal course of business. All guarantees are provided by means of an insurance policy, consistent with the prior year.

Notes to the financial statements

at 31 December 2008

25. Related party transactions

During the year the company entered into the following transactions, in the ordinary course of business with the following related parties:

	<i>Sales to related parties £</i>	<i>Amounts due from related parties £</i>
Vision Capital Group Limited 2008	514,395	66,177
2007	–	–
Dunedin Enterprise Investment Trust plc 2007	14,293	–
Noble Grossart Investments Limited 2007	2,656	–

All transactions are in respect of business travel services.

The company is exempt from disclosing transactions with fellow group companies under FRS 8 – “Related Party Transactions” as it is a 100% subsidiary of a group.

Vision Capital Group Limited is a related party by virtue of it being an associate of Super Selector S.a.r.l., ultimate controlling party of the group. In 2008 Super Selector S.a.r.l held interest in 72.3% (2007 – 73.75%) of the Ordinary shares of Portman Group Holdings Limited.

In 2007, the parties noted below were deemed to be related by virtue of their financial interest in Portman Holdings Limited, in the period prior to the acquisition of all shares by Portman Group Holdings Limited.

	<i>Cumulative redeemable preference shares</i>	<i>A Ordinary shares</i>
Dunedin Enterprise Investment Trust plc	25.0%	25.0%
Noble Grossart Investments Limited	10.0%	10.0%

26. Ultimate parent undertaking and controlling party

The company’s ultimate parent undertaking is Super Selector S.a.r.l., a company registered in Luxembourg. The parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared is Portman Group Holdings Limited. Copies of its group financial statements are available from Royal London House, 22-25 Finsbury Square, London, EC2A 1DX.