

**Portman Travel Limited**  
**Report and Financial Statements**

31 December 2010

## Directors and advisors

### Directors

M E Aldridge (Non-Executive)  
D L Cohen (Non-Executive)  
M J Hare (Chief Executive Officer)  
D A Canavan  
D P Murphy  
A C Parkes

### Secretary

D A Canavan

### Auditors

Ernst & Young LLP  
G1  
5 George Square  
Glasgow G2 1DY

### Solicitors

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

### Bankers

Clydesdale Bank PLC  
35 Regent Street  
London EC2V 7BL

### Registered Office

Level 13 The Broadgate Tower  
Primrose Street  
London EC2A 2EW



## Corporate overview

With over 50 years experience in delivering outstanding business travel management solutions to corporations across all major business sectors, Portman Travel is one of the UK's most experienced and largest independent travel management companies. Today Portman has consolidated its position as a top 6 travel management company and has a network of 12 offices throughout the UK. As a founding partner of RADIUS, the world's largest global travel company, Portman is able to offer clients a full range of travel services from more than 3,600 locations in 80 countries.

### Our Unique Service

Putting our customers at the heart of everything we do drives us continually to develop comprehensive, modern and innovative solutions. In addition to core travel services; air, hotel, rail, ferry and car hire, Portman has developed an enviable portfolio of supporting and added value services that ensure our clients get the most from their travel policies and budgets. All of our services are backed up by first class management information that is accessible to all our customers.

We understand our customers, and by focusing on their current and future needs we are able to consistently improve the efficiency and effectiveness of their travel programmes, and maximise their savings. Our unique position is based on the combination of the advantages of our substantial buying power and industry know-how with a culture of customer service and responsiveness rarely found in organisations of our size. Our strong service culture is delivered by highly trained and experienced travel consultants.

### Our Flexibility

Through significant industry experience, a broad range of services and our highly skilled personnel Portman offers clients global reach with a personal touch. We combine a unique balance of human expertise, commercial insight and practical application to provide tailored solutions. Our proactive approach and the ability to combine our many services to meet the travel needs of businesses across all sectors, allows us to deliver a unique level of service flexibility.

Throughout recent natural disasters and adverse weather conditions Portman demonstrated its flexibility. We minimised the inconvenience and uncertainty for travellers, their families and employers. We were able to achieve this through our proactive services such as Portman alerts and by installing traveller tracking mechanisms so that head offices have access to real time data on all their travelling personnel. This is very important in a world where companies have a keen sense of their duty of care to travelling employees and where travellers themselves are more sensitive than ever to the pressures of doing business internationally.

Our proactive response to the disruption caused by the volcanic ash crisis ensured our travellers were kept fully informed, given timely and knowledgeable assistance in securing cost effective alternative travel options, whilst ensuring that they completed their journeys in the shortest possible time. Following the return to normality underlying shifts from direct channels (e.g. airline websites) to managed solutions (e.g. travel management companies) have been significant, reflecting the value added by professional business travel managers.

### Our Innovation

Portman is committed to maintaining its culture of service excellence. Our service is constantly evolving and in recent years Portman has developed a number of key industry innovations. For example, LiveWire, our highly cost-efficient online service provides users the widest choice, and best available fares in a single simple display. Today LiveWire is supported by an online fulfilment centre for all online customer bookings. New customer care initiatives such as the Going the Extra Mile (GEM) Programme, and the Value Added Service Tasks<sup>®</sup> (VAST) Programme ensure Portman is at the forefront of the industry.

The development of key divisions such as: Portman24 our own out-of-hours service, Special Air Fares Unit, Portman Hotels, Portman Events, Portman Executive Leisure, Portman Marine and Portman Medical further demonstrate our ability to evolve.



## Directors' report

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

### Results and dividend

The profit for the year, after taxation, amounted to £3.6m (2009 – £1.5m).

Equity dividends of £3.4m (£170 per share) (2009 – £5.3m, £265 per share) have been approved and accrued in the year.

### Principal activities

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

### Operating review

#### Key financial and other performance indicators

	2010	2009
	£m	£m
Turnover	257	239
Operating profit	3	2
Profit after tax	4	1
Shareholders' funds	6	6
Average number of employees	476	549

#### Trading review

The board reports a profit before tax for the year ended 31 December 2010 of £3.6m (2009 –£1.7m).

Trading conditions during 2010 were challenging with clients focused on achieving savings both in travel and service costs. Management responded by upgrading our client management team to ensure that the best value added account management service is provided across our entire client base. In addition our client implementation team has been expanded to ensure that new clients are seamlessly transferred to the Portman service whether they are transacting business online or person to person.

The Sales team continued to successfully deliver new clients throughout the year, with a strong performance in the last quarter with signings of over £12m. Our relationship with Radius Global Travel Company yielded positive results with the successful retention of two global clients with UK turnover of £8.9m.

During 2010 the board invested £1.2m in developing and implementing sophisticated communication systems in conjunction with renewing our computer based infrastructure.

The board believes these actions position the company to continue to effectively service our customer base and drive growth as market conditions improve.

Overall sales have increased by £18m – 8% during 2010. Customer transactions handled increased by 3% with average sales value up 6%.

Overhead costs of £22.8m are £1.4m (6%) lower than 2009 and represent 86% (2009 – 93%) of income generated.

The ultimate parent company of Portman Travel Limited is Super Selector S.à.r.l, headquartered in Luxembourg, which is a wholly owned subsidiary of Vision Capital Partners VI and VI-S LP funds, which are advised by Vision Capital LLP (Vision) which is based in London.



## Directors' report

### Principal risks and uncertainties

#### *Market risks*

The business travel market, like most business sectors, has been adversely affected by the worldwide recession. Customers are actively seeking ways of reducing travel and related expenditure and Portman is focussed on assisting customers to achieve their goals.

Globalisation of travel management services continues to be the focus of large and complex organisations. The Portman offering through its international Radius partners is delivering a credible alternative to the "major" travel management companies.

Management are pleased to report that online transactions booked through Portman now account for 24% of total transactions in 2010. 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.

### 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. 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 2011 and Portman is strategically placed to increase market share by acquisition of companies which are a suitable cultural, geographical and business fit.

### Adoption of going concern basis

Subsequent to the balance sheet date the bank has confirmed its renewal of the group's current banking facilities.

In their consideration of going concern the Directors have reviewed the group's future cashflow forecasts and associated risks; these forecasts extend for a period beyond one year from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.



## Directors' report

### Directors

The directors who served during the year were:

M E Aldridge (Non Executive Chairman)  
M J Hare  
D A Canavan  
A G Wormsley (resigned January 2011)  
P G Jones (resigned March 2010)  
D P Murphy (appointed June 2010)  
A C Parkes (appointed August 2010)

### 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. Where appropriate employees participate directly in the success of the business through the group's bonus schemes.

### 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 they are obliged to take as a director in order to make themselves 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 day's purchases in trade creditors was 30 days (2009 – 30 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



D A Canavan  
Secretary

6<sup>th</sup> May 2011



## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **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 2010 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



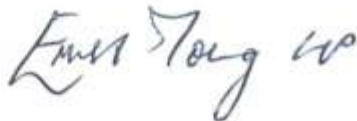
## **Independent auditors' report**

**to the members of Portman Travel Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Douglas Nisbet (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Glasgow

6<sup>th</sup> May 2011



## Profit and loss account

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> £000	<i>2009</i> £000
<b>Turnover</b>	2/3	256,688	238,973
Cost of sales		230,335	213,070
		<hr/>	<hr/>
Income generated		26,353	25,903
Distribution costs		13,804	15,636
Administration costs		8,951	8,483
		<hr/>	<hr/>
<b>Operating profit before goodwill amortisation</b>		3,598	1,784
Goodwill amortisation	10	160	161
		<hr/>	<hr/>
<b>Operating profit</b>	4	3,438	1,623
Interest income	7	(241)	(69)
Other finance expense	7	63	37
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		3,616	1,655
Tax on profit on ordinary activities	8(a)	46	161
		<hr/>	<hr/>
<b>Profit attributable to shareholders</b>	19/20	3,570	1,494
		<hr/> <hr/>	<hr/> <hr/>



## Statement of total recognised gains and losses

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
<b><i>Profit for the year</i></b>		3,570	1,494
Actuarial (loss) recognised on defined benefit pension scheme	22	(89)	(615)
Movement on deferred tax relating to pension liability		25	172
<b><i>Total gains relating to the year</i></b>		<u>3,506</u>	<u>1,051</u>



**Balance sheet**

at 31 December 2010

	<i>Notes</i>	<i>2010</i> £000	<i>2009</i> £000
<b>Fixed assets</b>			
Intangible assets – goodwill	10	2,541	2,701
Tangible assets	11	2,193	1,628
Investments	12	127	127
		<u>4,861</u>	<u>4,456</u>
<b>Current assets</b>			
Trade debtors subject to limited recourse financing	13	13,702	13,535
Other debtors:			
Amounts receivable after more than one year	13	9,890	9,777
Amounts receivable within one year	13	3,886	3,486
Cash at bank and in hand		2,117	2,260
		<u>29,595</u>	<u>29,058</u>
<b>Creditors: amounts falling due within one year</b>	14	16,815	18,547
		<u>12,780</u>	<u>10,511</u>
<b>Net current assets</b>		<u>17,641</u>	<u>14,967</u>
<b>Total assets less current liabilities</b>		<u>17,641</u>	<u>14,967</u>
<b>Creditors: amounts falling due after more than one year</b>	15	9,736	6,989
<b>Pension liability</b>	22	1,758	1,937
		<u>6,147</u>	<u>6,041</u>
<b>Net assets</b>		<u>6,147</u>	<u>6,041</u>
<b>Called up share capital</b>			
Ordinary shares	18	2,000	2,000
Profit and loss account	19	4,147	4,041
		<u>6,147</u>	<u>6,041</u>
<b>Equity shareholders' funds</b>	20	6,147	6,041

M J Hare  
Director

6<sup>th</sup> May 2011



## Statement of cash flows

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
<i>Cash flow from operating activities</i>	23(a)	3,662	4,642
<i>Returns on investments and servicing of finance</i>	23(b)	241	69
<i>Taxation</i>		645	–
<i>Capital expenditure</i>	23(b)	(1,180)	(656)
<i>Equity dividends paid</i>		(3,400)	(5,300)
<i>Cash flow before financing</i>		(32)	(1,245)
<i>Financing</i>	23(b)	(111)	(55)
<i>(Decrease)/ Increase in cash in year</i>		(143)	(1,300)

### Reconciliation of net cash flow to movement in net funds

	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
(Decrease)/Increase in cash in year	23(c)	(143)	(1,300)
Decrease in amounts returnable from limited recourse financing		–	–
Hire purchase		111	55
<i>Change in net debt resulting from cash flows</i>		(32)	(1,245)
Net funds/(debt) at 1 January		(580)	665
<i>Net (debt)/funds at 31 December</i>	23(c)	(612)	(580)



## Notes to the financial statements

at 31 December 2010

### 1. Accounting policies

#### *Accounting convention*

The financial statements of Portman Travel Limited were approved for issue by the Board of Directors on 6<sup>th</sup> May 2011.

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 400 of the Companies Act 2006. 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

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.



## Notes to the financial statements

at 31 December 2010

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation 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 right to pay less or to receive more, or less tax, with the following exception:

- 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.

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.

#### *Leasing and hire purchase commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts 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 leases and hire purchase 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 leases and hire purchase 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 period to which it relates.

### 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.



## Notes to the financial statements

at 31 December 2010

### 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.

### 4. Operating profit

This is stated after charging the following:

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Debt factor's charges (excluding interest)	264	239
Depreciation of owned fixed assets	570	483
Depreciation of assets held under hire purchase contracts	22	29
Amortisation of goodwill	160	161
Auditors' remuneration	73	93
Operating lease rentals for plant and machinery	549	575
Operating lease rentals for land and buildings	1,088	1,156
	<u>          </u>	<u>          </u>

The remuneration of the auditors is further analysed as follows:

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Audit of the financial statements	40	55
Other fees – other services	15	9
– taxation services	18	29
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>



## Notes to the financial statements

at 31 December 2010

### 5. Directors' emoluments

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Emoluments	742	550
Compensation for loss of office	48	–
	<u>790</u>	<u>550</u>

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension scheme at 31 December	1	1

The amounts in respect of the highest paid director are as follows:

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Emoluments	315	163
Contributions to money purchase schemes so attributable	19	8

### 6. Staff costs

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	11,730	13,030
Social Security costs	1,166	1,083
Other pension costs	430	428
	<u>13,326</u>	<u>14,541</u>

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

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Management (directors and operational management)	16	16
Operations (branch management and staff)	460	533
	<u>476</u>	<u>549</u>



## Notes to the financial statements

at 31 December 2010

### 7. Interest income and other finance expense

	2010	2009
	£000	£000
Other interest income	21	13
Interest payable on limited recourse facility	(11)	(12)
Interest on loan	(99)	(92)
Interest on amount due from a group company	330	160
	<u>241</u>	<u>69</u>
Other finance expense/(income):		
Interest on pension scheme liabilities	598	526
Expected return on pension scheme assets	(535)	(489)
	<u>63</u>	<u>37</u>

### 8. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2010	2009
	£000	£000
UK corporation tax		
Current year charge (note 8b)	87	–
Previous periods	(109)	74
	<u>(22)</u>	<u>74</u>
Deferred tax		
Pension contributions in excess of pension charge	128	116
Accelerated/ (decelerated) capital allowances	(104)	1
Other timing differences	44	(30)
	<u>68</u>	<u>87</u>
Tax on profit on ordinary activities	<u>46</u>	<u>161</u>



## Notes to the financial statements

at 31 December 2010

### 8. Tax (continued)

(b) Factors affecting tax charge for the year

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:

	2010 £000	2009 £000
Profit on ordinary activities before tax	3,615	1,655
Profit on ordinary activities multiplied by standard rate of corporation Tax rate of 28%	1,012	464
Effect of:		
Disallowed expenses and non taxable income	40	30
Fixed asset timing differences	(47)	(1)
Other timing differences	(35)	44
Group relief	(779)	(421)
Pension provision	(104)	(116)
Adjustments in respect of prior periods	(109)	74
	<u>(22)</u>	<u>74</u>

(c) As announced in the Budget of 23 March 2011 a reduction in the UK corporation tax rate reduced by 2% from 1 April 2011, and by a further 1% per year from 1 April 2012 for three years, bringing the corporation tax rate down from 28% to 23% from 1 April 2014. The reduction to 27% was enacted in the Finance Act 2010. There is also a proposed reduction in the main and special rates of capital allowances to 18% and 8% respectively for accounting periods ending after April 2012. These changes will affect the amount of future cash tax payments to be made by the company.

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

	2010 £000	2009 £000
Decelerated capital allowances	153	49
Other timing differences	102	144
	<u>255</u>	<u>193</u>
At 1 January	193	164
Profit and loss account	62	29
At 31 December	<u>255</u>	<u>193</u>

(e) The deferred tax asset arising on the pension deficit is included in the pension liability (note 22).



## Notes to the financial statements

at 31 December 2010

### 9. Dividends

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Dividend approved in the year		
£170.00 per share (2009 – £265.00)	3,400	5,300

### 10. Goodwill

Cost:		<i>£000</i>
At 31 December 2010 and 1 January 2010		6,980
Amortisation:		
At 1 January 2010		4,279
Amortisation in year		160
At 31 December 2010		4,439
Net book amount:		
At 31 December 2010		2,541
At 31 December 2009		2,701

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 2010

### 11. Tangible assets

	<i>Short leasehold property £000</i>	<i>Office furniture and fittings £000</i>	<i>Computers and office machinery £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2010	297	1,104	4,337	5,738
Additions	–	46	1,134	1,180
Disposals	(28)	(42)	(123)	(193)
At 31 December 2010	269	1,108	5,348	6,725
Depreciation:				
At 1 January 2010	297	594	3,219	4,110
Charge for year	–	68	524	592
Disposals	(28)	(36)	(106)	(170)
At 31 December 2010	269	626	3,637	4,532
Net book amount:				
At 31 December 2010	–	482	1,711	2,193
At 31 December 2009	–	510	1,118	1,628

The net book value of office and machinery includes an amount of £39,839 in respect of assets held under hire purchase contract.

### 12. Fixed asset investment

	<i>£000</i>
Cost:	
At 1 January 2010 and 31 December 2010	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 2010

### 13. Debtors

	2010	2009
	£000	£000
Trade debtors subject to limited recourse financing	13,702	13,535
<b>Other debtors: amounts receivable after more than one year</b>		
Amounts due by parent company	9,890	9,777
<b>Other debtors: amounts receivable within one year</b>		
Prepayments and accrued income	2,898	2,642
Deferred taxation asset (note 8d)	255	193
Amounts due by parent company	573	275
Amounts due by group companies	160	–
Taxation - corporation tax	–	376
	<b>3,886</b>	<b>3,486</b>

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 would be 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

	2010	2009
	£000	£000
Trade creditors	10,108	11,165
Other taxes and social security	292	301
Accruals	2,508	1,465
Other creditors	420	40
Amounts due to parent company	2,699	4,936
Amounts due to group companies	528	529
Hire purchase creditors (see note 16)	10	111
Taxation	250	–
	<b>16,815</b>	<b>18,547</b>



## Notes to the financial statements

at 31 December 2010

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

	2010	2009
	£000	£000
Term loan (note 17)	2,720	2,720
Other creditors	2,307	938
Amounts due to group companies	4,709	3,321
Hire purchase creditors (see note 16)	–	10
	<u>9,736</u>	<u>6,989</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.

### 16. Obligations under hire purchase contracts

	2010	2009
	£000	£000
Amounts payable within:		
One year	11	129
Between one and two years	–	11
	<u>11</u>	<u>140</u>
Less finance charges allocated to future periods	1	19
	<u>10</u>	<u>121</u>
Obligations are shown as		
Current	10	111
Non-current	–	10
	<u>10</u>	<u>121</u>

### 17. Term loan

	2010	2009
	£000	£000
Loans repayable, included within creditors, are analysed as follows:		
Wholly repayable within five years	2,720	2,720
	<u>2,720</u>	<u>2,720</u>

A detail 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 3.25% above the bank's base rate, and is paid monthly.



## Notes to the financial statements

at 31 December 2010

### 18. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	£	£	£	£
Deferred Ordinary shares of £1 each	5,000,000	5,000,000	2,000,000	2,000,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	£	£	£	£
Ordinary shares US\$ 0.01 each "United States Dollar shares" (Authorised /Issued – 20,000 shares)	125	125	125	125
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### **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

	<i>£000</i>
At 31 December 2009	4,041
Profit for year	3,570
Dividend	(3,400)
Actuarial (loss) net of tax thereon	(64)
	<u>          </u>
At 31 December 2010	4,147
	<u>          </u>



## Notes to the financial statements

at 31 December 2010

### 20. Reconciliation of shareholders' funds

	<i>£000</i>
At 31 December 2009	6,041
Profit for year	3,570
Dividend	(3,400)
Actuarial loss net of tax thereon	(64)
	<hr/>
At 31 December 2010	6,147
	<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>2010</i>	<i>2010</i>	<i>2009</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases expiring:				
Within one year	49	79	48	69
Between two and five years	720	102	748	141
Thereafter	198	–	224	–
	<hr/>	<hr/>	<hr/>	<hr/>
	967	181	1,020	210
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

With the exception of one lease that expires in 2016 with an annual charge of £21,500, all other leases that expire after five years each contain a break clause that may be executed at the company'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 finalised 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 had accrued 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. The April 2010 valuation is currently in progress.



## Notes to the financial statements

at 31 December 2010

### 22. Pension commitments (continued)

The pension charge for the accounting period under review was £178,000 (2009 – £108,000).

The actuarial valuation carried out at 5 April 2007 was updated to 31 December 2010 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 December		
	2010	2009	2008
Rate of increase in salaries	3.6%	3.8%	3.2%
Rate of increase in deferred pensions	2.7%	3.4%	3.0%
Rate of increase in pensions in payment	3.3%	3.4%	3.0%
Discount rate	5.4%	5.8%	6.2%
Inflation	3.4%	3.6%	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.

	2010	2009
	£000	£000
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	10,386	8,461
Current service cost	174	108
Interest cost	598	526
Plan participants' contributions	92	104
Actuarial losses/(gains)	317	1,485
Benefits paid	(427)	(298)
Benefit obligation at end of year	11,140	10,386
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	11,140	10,386
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	7,696	5,970
Expected return on plan assets	535	489
Actuarial gains/(losses)	228	871
Employer contribution	608	560
Member contributions	92	104
Benefits paid	(427)	(298)
Fair value of plan assets at end of year	8,732	7,696
Funded status	(2,408)	(2,690)
Related deferred tax asset	650	753
Net amount recognised	(1,758)	(1,937)



## Notes to the financial statements

at 31 December 2010

### 22. Pension commitments (continued)

	2010	2009
	£000	£000
<b>Components of pension cost</b>		
Current service cost	174	108
Interest cost	598	526
Expected return on plan assets	(535)	(489)
	<u>237</u>	<u>145</u>
Total pension cost recognised in the P&L account		
	<u>89</u>	<u>615</u>
Actuarial losses immediately recognised in the STRGL		
	<u>89</u>	<u>615</u>
<b>Plan assets</b>		
The weighted-average asset allocation at the year-end were as follows:		
	2010	2009
	%	%
Asset category:		
Equities	79	80
Bonds	19	20
Other	2	-
	<u>100</u>	<u>100</u>
	<u>2010</u>	<u>2009</u>
	£000	£000
Actual return on plan assets	763	1,360
	<u>763</u>	<u>1,360</u>
Weighted average assumptions used to determine benefit obligations at:		
	2010	2009
Discount rate	5.40%	5.80%
Rate of LPI pension increases	3.40%	3.40%
Rate of increases in salaries	3.60%	3.80%
Inflation assumption	3.40%	3.60%



## Notes to the financial statements

at 31 December 2010

### 22. Pension commitments (continued)

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

	2010	2009
Discount rate	5.80%	6.25%
Rate of LPI pension increases	3.40%	3.00%
Rate of increases in salaries	3.80%	3.25%
Inflation assumption	3.60%	3.00%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2010:

	Male	Female
Member age 65 (current life expectancy)	20.2	23.0
Member age 45 (life expectancy at age 65)	23.2	26.0

#### Five year history

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Benefit obligation at end of year	11,140	10,386	8,461	9,520	10,219
Fair value of plan assets at end of year	8,732	7,696	5,970	8,942	8,123
Deficit in the plan	(2,408)	(2,690)	(2,491)	(578)	(2,096)
Related deferred tax asset	650	753	697	162	629
Net pension liability	(1,758)	(1,937)	(1,794)	(416)	(1,467)
Difference between actual and expected return on plan assets:					
percentage of plan assets	228	871	(3,975)	27	508
Experience gains and (losses) on plan liabilities:	3%	11%	(67%)	0%	6%
percentage of plan liabilities	0	109	73	106	24
	0%	1%	1%	1%	0%

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 £183,581 (2009 – £277,707).



## Notes to the financial statements

at 31 December 2010

### 23. Cash flow statement

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

	2010 £000	2009 £000
Operating profit	3,438	1,623
Depreciation charge for the year	592	512
Loss on disposal of fixed assets	23	93
FRS 17 Operating charge	174	108
Amortisation of goodwill	160	161
Decrease/(increase) in trade debtors	(167)	2,463
Decrease/(increase) in other debtors	(256)	302
Decrease/(increase) in inter-company debtor	(1,423)	(2,311)
Increase/(decrease) in trade creditors	(1,056)	1,729
Increase/(decrease) in other creditors	2,785	522
Pension contributions	(608)	(560)
	<u>3,662</u>	<u>4,642</u>

Net cash inflow from operating activities

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

	2010 £000	2009 £000
<b>Returns on investments and servicing of finance</b>		
Interest income	241	69
	<u>241</u>	<u>69</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,180)	(656)
	<u>(1,180)</u>	<u>(656)</u>
<b>Financing</b>		
Decrease in amounts returnable from limited recourse financing	-	-
Hire purchase	(111)	(55)
	<u>(111)</u>	<u>(55)</u>



## Notes to the financial statements

at 31 December 2010

### 23. Cash flow statement (continued)

(c) Analysis of net debt:

	<i>At</i> <i>1 January</i> <i>2010</i> <i>£000</i>	<i>Cash flow</i> <i>31 December</i> <i>2010</i> <i>£000</i>	<i>At</i> <i>2010</i> <i>£000</i>
Cash at bank and in hand	2,260	(143)	2,117
Term loan	(2,720)	–	(2,720)
Hire Purchase	(120)	111	(9)
	<u>(580)</u>	<u>(32)</u>	<u>(612)</u>

### 24. Guarantees

	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
Travel industry bonds	704	1,119

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.

### 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</i> <i>related</i> <i>parties</i> <i>£</i>	<i>Amounts</i> <i>due from</i> <i>related</i> <i>parties</i> <i>£</i>
Vision Capital Group Limited		
2010	896,525	23,533
2009	391,776	69,288

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.à.r.l., ultimate controlling party of the company. In 2010 Super Selector S.à.r.l held interest in 72.3% (2009 – 72.3%) of the Ordinary shares of Portman Group Holdings Limited.

### 26. Ultimate parent undertaking and controlling party

The company’s ultimate parent undertaking is Super Selector S.à.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 accounts are prepared is Portman Group International S.à.r.l. Copies of its group accounts will be available from 5, Rue Guillaume Kroll, L-1882 Luxembourg.