

Registered number: 02841908

HOSTELBOOKERS.COM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012



HOSTELBOOKERS.COM LIMITED

COMPANY INFORMATION

DIRECTORS

B S A Duffy
K S B Duffy
L M C Duffy
C E Duffy
D Smith

COMPANY SECRETARY

C Houry

REGISTERED NUMBER

02841908

REGISTERED OFFICE

52-54 High Holborn
High Holborn
London
WC1V 6RL

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

BANKERS

National Westminster Bank PLC
PO Box 113
Cavell House
2A Charing Cross Road
London
WC2H 0PD

SOLICITORS

Clark Willmott
138 Edmund Street
Birmingham
B3 2ES

HOSTELBOOKERS.COM LIMITED

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HOSTELBOOKERS.COM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The company provides a web based booking engine enabling the public to book hostels and budget accommodation worldwide

BUSINESS REVIEW

The company continues to invest in growth and ensuring that it maintains a high standard of service to customers and partners. The directors believe that this continued strategy is vital to the ongoing success of the business.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,194,741 (2011 - £2,843,147)

During the year the company paid interim dividends of £3,000,000 (£30,000 per share) (2011 £1,500,000)

The directors do not recommend the payment of a final dividend

DIRECTORS

The directors who served during the year were

B S A Duffy
K S B Duffy
L M C Duffy
C E Duffy
D Smith

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent accommodation booking engines

These key business risks are kept continually under review by the directors and we are confident that the company is ideally placed to continue its development and growth

With these risks and uncertainties in mind, we are aware that any plans for future development of the business may be subject to unforeseen future events outside our control

FUTURE DEVELOPMENTS

The external commercial environment is expected to remain competitive in 2013. However we remain confident that we will maintain our current level of performance and growth in the future

HOSTELBOOKERS.COM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012
PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

DIRECTORS' RESPONSIBILITIES STATEMENT

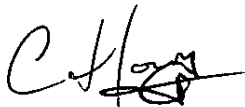
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate 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.

This report was approved by the board and signed on its behalf



C. Houry
Secretary

Date 25/4/13

HOSTELBOOKERS.COM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOSTELBOOKERS COM LIMITED

We have audited the financial statements of HostelBookers com Limited for the year ended 31 December 2012, set out on pages 5 to 15. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

HOSTELBOOKERS.COM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOSTELBOOKERS.COM 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



Paul Dearsley (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date 2 May 2013

HOSTELBOOKERS.COM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	1,2	16,682,443	14,132,679
Cost of sales		<u>(6,066,869)</u>	<u>(4,517,975)</u>
GROSS PROFIT		10,615,574	9,614,704
Administrative expenses		<u>(6,379,445)</u>	<u>(5,805,232)</u>
OPERATING PROFIT	3	4,236,129	3,809,472
Interest receivable and similar income		-	26,381
Interest payable and similar charges	6	<u>-</u>	<u>(1,762)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,236,129	3,834,091
Tax on profit on ordinary activities	7	<u>(1,041,388)</u>	<u>(990,944)</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u><u>3,194,741</u></u>	<u><u>2,843,147</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 8 to 15 form part of these financial statements

HOSTELBOOKERS.COM LIMITED
REGISTERED NUMBER: 02841908

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		693,888		368,410
CURRENT ASSETS					
Debtors	9	541,348		447,263	
Cash at bank		5,991,873		6,158,354	
		<u>6,533,221</u>		<u>6,605,617</u>	
CREDITORS: amounts falling due within one year	10	<u>(1,391,762)</u>		<u>(1,333,421)</u>	
NET CURRENT ASSETS			<u>5,141,459</u>		<u>5,272,196</u>
NET ASSETS			<u>5,835,347</u>		<u>5,640,606</u>
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		<u>5,835,247</u>		<u>5,640,506</u>
SHAREHOLDERS' FUNDS	13		<u>5,835,347</u>		<u>5,640,606</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



K.S.B. Duffy
Director

Date 25/4/13

The notes on pages 8 to 15 form part of these financial statements

HOSTELBOOKERS.COM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	15	4,506,000	3,684,291
Returns on investments and servicing of finance	16	-	189,007
Taxation		(1,171,098)	(864,489)
Capital expenditure and financial investment	16	(501,383)	1,686,941
Equity dividends paid		(3,000,000)	(1,500,000)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(166,481)	3,195,750

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(166,481)	3,195,750
MOVEMENT IN NET DEBT IN THE YEAR	(166,481)	3,195,750
Net funds at 1 January 2012	6,158,354	2,962,604
NET FUNDS AT 31 DECEMBER 2012	5,991,873	6,158,354

The notes on pages 8 to 15 form part of these financial statements

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover represents booking fees. Turnover is recognised when earned at the time of booking. Where clients have taken out deposit protection, turnover is recognised on booking. Any cancelled deposits are accounted for at the date of cancellation. VAT is charged on all UK bookings.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Website development	-	4 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	5 years straight line
Other fixed assets	-	5 years straight line

1.4 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.8 Development and web design costs

In accordance with UITF 29 the Company policy is to capitalise development costs in respect of development expenditure which will result in revenue benefits to the business. Depreciation of the asset will be charged on a straight line basis over 4 years, including the year in which the expenditure has been incurred. Cost which relate to maintaining a website are written off in the period in which they have been incurred.

1.9 Share acquisition plan

Share options are granted at par for key personnel awarded at the discretion of the board with reference to company performance.

2. TURNOVER

The whole of the turnover is attributable to the company's principal activity.

A geographical analysis of turnover is as follows:

	2012 £	2011 £
United Kingdom	12,356,585	10,783,469
Rest of European Union	4,325,858	3,349,210
	<u>16,682,443</u>	<u>14,132,679</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	175,905	118,874
Auditors' remuneration	9,890	9,890
Operating lease rentals		
- other operating leases	231,065	204,766
	<u>231,065</u>	<u>204,766</u>

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	3,858,351	3,812,050
Social security costs	445,007	394,177
Other pension costs	97,676	68,988
	<u>4,401,034</u>	<u>4,275,215</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No	2011 No
Management and administration	<u>125</u>	<u>120</u>

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>196,769</u>	<u>198,786</u>

6. INTEREST PAYABLE

	2012 £	2011 £
Other interest payable	<u>-</u>	<u>1,762</u>

7. TAXATION

	2012 £	2011 £
<i>Analysis of tax charge in the year</i>		
UK corporation tax charge on profit for the year	950,433	1,001,143
Adjustments in respect of prior periods	90,955	(10,199)
	<u>1,041,388</u>	<u>990,944</u>
Tax on profit on ordinary activities		

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>4,236,129</u>	<u>3,834,091</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	1,016,671	996,864
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,556	1,210
Capital allowances for year in excess of depreciation	2,423	(8,227)
Adjustments to tax charge in respect of prior periods	90,955	(10,199)
Other timing differences leading to an increase (decrease) in taxation	-	(7,340)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(91,364)	-
Effect of change in tax rate in the year	21,147	18,636
Current tax charge for the year (see note above)	<u><u>1,041,388</u></u>	<u><u>990,944</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8. TANGIBLE FIXED ASSETS

	Website developmen t £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 January 2012	-	202,406	518,421	24,666	745,493
Additions	460,158	8,699	32,526	-	501,383
At 31 December 2012	460,158	211,105	550,947	24,666	1,246,876
Depreciation					
At 1 January 2012	-	122,393	233,724	20,966	377,083
Charge for the year	54,352	27,602	90,251	3,700	175,905
At 31 December 2012	54,352	149,995	323,975	24,666	552,988
Net book value					
At 31 December 2012	405,806	61,110	226,972	-	693,888
At 31 December 2011	-	80,013	284,697	3,700	368,410

9. DEBTORS

	2012 £	2011 £
Due within one year		
Trade debtors	166,007	95,169
Other debtors	172,988	131,865
Prepayments and accrued income	202,353	220,229
	<u>541,348</u>	<u>447,263</u>

10. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	266,136	266,163
Corporation tax	390,433	520,143
Social security and other taxes	152,815	151,911
Other creditors	214,462	160,340
Accruals and deferred income	367,916	234,864
	<u>1,391,762</u>	<u>1,333,421</u>

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
100,000 Ordinary shares shares of £0.001 each	100	100

Share options are granted at par to key personnel awarded at the discretion of the Board with reference to company performance

At the beginning and end of the year 2,563 options were outstanding with an exercise price of £0.65 per share. No options were granted or exercised during the year. The options were granted on 8 December 2008 and options can be exercised after 31 May 2013 but before they lapse at ten years. The directors believe that the options are immaterial in value and therefore have not accounted for the share option in the financial statements.

12. RESERVES

	Profit and loss account £
At 1 January 2012	5,640,506
Profit for the year	3,194,741
Dividends Equity capital	(3,000,000)
At 31 December 2012	5,835,247

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	5,640,606	4,297,459
Profit for the year	3,194,741	2,843,147
Dividends (Note 14)	(3,000,000)	(1,500,000)
Closing shareholders' funds	5,835,347	5,640,606

14. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	3,000,000	1,500,000

HOSTELBOOKERS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	4,236,129	3,809,472
Depreciation of tangible fixed assets	175,905	118,874
Increase in debtors	(94,085)	(189,644)
Increase/(decrease) in creditors	188,051	(54,411)
Net cash inflow from operating activities	4,506,000	3,684,291

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	-	190,769
Interest paid	-	(1,762)
Net cash inflow from returns on investments and servicing of finance	-	189,007

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(501,383)	(147,386)
Sale of short term unlisted investments	-	1,834,327
Net cash (outflow)/inflow from capital expenditure	(501,383)	1,686,941

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	6,158,354	(166,481)	-	5,991,873
Net funds	6,158,354	(166,481)	-	5,991,873

18 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension charge represents contributions payable by the company to the fund and amounted to £97,676 (2011: £68,988). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

HOSTELBOOKERS COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. PENSION COMMITMENTS (continued)

19. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date		
Within 1 year	118,358	-
Between 2 and 5 years	-	157,811

20. RELATED PARTY TRANSACTIONS

During the year the company charged a management fee of £21,346 (2011 £22,800) to MBI MBO Limited, a company in which B Duffy, K Duffy and L Duffy are directors and have a controlling interest

The amount due from them at the year end was £25,615 (2011 £27,360)

During the year the company paid dividends totalling £3,000,000 (2011 £1,500,000) to B S A Duffy (£720,000), K S B Duffy (£990,000), C E Duffy (£300,000) and L M C Duffy (£990,000), directors of the company

21. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
AnyTrip com Limited	England	100	Dormant