

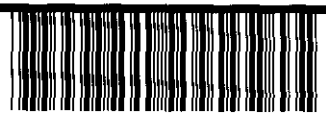
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Captivating Cuba Limited

Report and Accounts

31 October 2006



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Captivating Cuba Limited
Report and accounts
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Captivating Cuba Limited
Company Information

Directors

R J Allard
I E Brooks
Ms L C Thomas

Secretary

Ms L C Thomas

Auditors

White Hart Associates LLP
East House
109 South Worple Way
London
SW14 8TN

Bankers

Barclays Bank Plc
Ashford Business Centre
17 North Street
Ashford
Kent
TN24 8LF

Registered office

East House
109 South Worple Way
London
SW14 8TN

Registered number

05521197

Captivating Cuba Limited

Directors' Report

The directors present their report and accounts for the period ended 31 October 2006.

Principal activities

The company was incorporated on 28 July 2005, and commenced trading on 12 September 2005. The company's principal activity during this first period continued to be that of tour operators and travel agents.

Directors

The directors who served during the period and their interests in the share capital of the company were as follows:

| | £1 preference shares | £1 Ordinary shares |
|---|-----------------------------|---------------------------|
| | 31 Oct 2006 | 31 Oct 2006 |
| C & M Registrars Ltd - resigned 19 September 2005 | - | - |
| R J Allard - Appointed 19 September 2005 | 10,000 | 18,000 |
| I E Brooks - Appointed 19 September 2005 | - | - |
| L C Thomas - Appointed 19 September 2005 | - | 9,825 |

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware:

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

Small company special provisions

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 11 December 2006.



Ms L C Thomas
Director

Captivating Cuba Limited
Independent auditors' report
to the shareholders of Captivating Cuba Limited

We have audited the accounts of Captivating Cuba Limited for the period ended 31 October 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These accounts have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the accounts. We also 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 October 2006 and of its loss for the period then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.



White Hart Associates LLP
Registered auditors
11 December 2006

East House
109 South Worple Way
London
SW14 8TN

Captivating Cuba Limited
Profit and Loss Account
for the period from 28 July 2005 to 31 October 2006

| | Notes | 2006 £ |
|--|-------|-----------------|
| Turnover | | 3,041,454 |
| Cost of sales | | (2,577,678) |
| Gross profit | | <u>463,776</u> |
| Distribution costs | | (69,407) |
| Administrative expenses | | (397,673) |
| Operating loss | 2 | <u>(3,304)</u> |
| Exceptional items: | | |
| loss on the disposal of investments | | (67,000) |
| | | <u>(70,304)</u> |
| Interest receivable | | 4,145 |
| Loss on ordinary activities before taxation | | <u>(66,159)</u> |
| Tax on loss on ordinary activities | | - |
| Loss for the period | | <u>(66,159)</u> |

Captivating Cuba Limited
Balance Sheet
as at 31 October 2006

| | Notes | 2006 £ |
|--|-------|------------------|
| Fixed assets | | |
| Intangible assets | 3 | 68,170 |
| Tangible assets | 4 | 93,365 |
| | | <u>161,535</u> |
| Current assets | | |
| Debtors | 5 | 801,126 |
| Cash at bank and in hand | | 387,518 |
| | | <u>1,188,644</u> |
| Creditors: amounts falling due within one year | 6 | (1,014,338) |
| Net current assets | | <u>174,306</u> |
| Total assets less current liabilities | | <u>335,841</u> |
| Creditors: amounts falling due after more than one year | 7 | (362,000) |
| Net liabilities | | <u>(26,159)</u> |
| Capital and reserves | | |
| Called up share capital | 8 | 40,000 |
| Profit and loss account | 9 | (66,159) |
| Shareholders' funds | | <u>(26,159)</u> |

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.



I E Brooks esq

Director

Approved by the board on 11 December 2006

Captivating Cuba Limited
Notes to the Accounts
for the period from 28 July 2005 to 31 October 2006

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents the invoiced value of holiday and travel arrangements supplied by the company, net of value added tax and trade discounts, recognised on the date of booking basis.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

| | |
|---------------------|---------------------------|
| Plant and machinery | 3 yrs straight line basis |
| Motor vehicles | 3 yrs straight line basis |

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Captivating Cuba Limited
Notes to the Accounts
for the period from 28 July 2005 to 31 October 2006

2 Operating profit **2006**
£

This is stated after charging:

| | |
|------------------------------------|--------------|
| Depreciation of owned fixed assets | 17,463 |
| Amortisation of goodwill | 17,043 |
| Directors' remuneration | 2,000 |
| Auditors' remuneration | <u>5,000</u> |

3 Intangible fixed assets **£**

Goodwill:

Cost

| | |
|--------------------|---------------|
| Additions | 85,213 |
| At 31 October 2006 | <u>85,213</u> |

Amortisation

| | |
|----------------------------|---------------|
| Provided during the period | 17,043 |
| At 31 October 2006 | <u>17,043</u> |

Net book value

| | |
|--------------------|---------------|
| At 31 October 2006 | <u>68,170</u> |
|--------------------|---------------|

Goodwill is being written off in equal annual instalments over its estimated economic life of 5 years.

4 Tangible fixed assets

| | Plant and machinery etc £ | Motor vehicles £ | Total £ |
|-----------------------|--|---------------------------------|--------------------|
| Cost | | | |
| Additions | 91,932 | 18,896 | 110,828 |
| At 31 October 2006 | <u>91,932</u> | <u>18,896</u> | <u>110,828</u> |
| Depreciation | | | |
| Charge for the period | 15,362 | 2,101 | 17,463 |
| At 31 October 2006 | <u>15,362</u> | <u>2,101</u> | <u>17,463</u> |
| Net book value | | | |
| At 31 October 2006 | <u>76,570</u> | <u>16,795</u> | <u>93,365</u> |

5 Debtors **2006**
£

| | |
|---------------|----------------|
| Trade debtors | 720,690 |
| Other debtors | 80,436 |
| | <u>801,126</u> |

Captivating Cuba Limited
Notes to the Accounts
for the period from 28 July 2005 to 31 October 2006

| | |
|---|------------------|
| 6 Creditors: amounts falling due within one year | 2006 |
| | £ |
| Trade creditors | 1,003,886 |
| Other taxes and social security costs | 3,206 |
| Other creditors | 7,246 |
| | <u>1,014,338</u> |

| | |
|--|----------------|
| 7 Creditors: amounts falling due after one year | 2006 |
| | £ |
| Shareholders' loans | <u>362,000</u> |
| The shareholders loans are subject to a subordinated undertaking in favour of the Civil Aviation Authority and cannot be repaid without their prior consent. | |

| | |
|---------------------------------|---------------|
| 8 Share capital | 2006 |
| | £ |
| Authorised: | |
| Ordinary shares of £1 each | 30,000 |
| 0% preference shares of £1 each | 10,000 |
| | <u>40,000</u> |

| | | |
|-------------------------------------|---------------|---------------|
| | 2006 | 2006 |
| | No | £ |
| Allotted, called up and fully paid: | | |
| Ordinary shares of £1 each | 30,000 | 30,000 |
| 0% preference shares of £1 each | <u>10,000</u> | <u>10,000</u> |

During the period the company issued 30,000 Ordinary £1 shares at par, the minimum share capital financial requirement to obtain an ATOL Licence from the Civil Aviation Authority and 10,000 0% non - voting cumulative redeemable preference shares of £1 each at par.

| | |
|----------------------------------|-----------------|
| 9 Profit and loss account | 2006 |
| | £ |
| Loss for the period | (66,159) |
| At 31 October | <u>(66,159)</u> |

10 Contingent liabilities

At 31 October 2006, there were contingent liabilities outstanding in respect of counter indemnities and guarantees given by the company, in the normal course of business, to the company's bond insurance obligors in respect of Civil Aviation Authority and IATA bonds amounting to £760,000.

Captivating Cuba Limited
Notes to the Accounts
for the period from 28 July 2005 to 31 October 2006

11 Transactions with directors

In relation to the company's Air Travel Organiser's Licence issued by the Civil Aviation Authority, the directors Mr I Brooks and Ms L Thomas have signed personal guarantees infavour of the Civil Aviation Authority, which are enforceable in the event that the company fails, is found to be trading in excess of its licence authorisation and its travel bonds should be inadequate to cover consumer obligations and there is a resultant call on the Air Travel Trust Fund.

12 Related parties

During the period the company loaned the sum of £67,000 to Holidaybookers Limited, an associated company by virtue of common shareholders and directors. Holidaybookers Limited is in liquidation and it is unlikely that the company will receive any repayment of this amount. Full provision to write this off has been made in these accounts.

13 Controlling party

The company is controlled by R J Allard, a director, and owner of the 60% of the issued equity capital in the company.