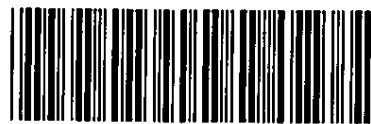


Captivating Cuba Limited
Financial statements
For the year ended 31 October 2007

Grant Thornton 

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COMPANIES HOUSE

Company No. 05521197

Company information

Company registration number	05521197
Registered office	Farm Cottage Heath House Wedmore Somerset BS28 4UG
Directors	C A L Mottershead S D Diederich C G McKinlay
Secretary	R G Hall
Bankers	Barclays Bank Plc Pall Mall Corporate Group 80 Pall Mall London SW1A 1QA
Solicitors	Joelson Wilson & Co 70 New Cavendish Street London W1G 8AT
Auditor	Grant Thornton UK LLP 43 Queen Square Bristol BS1 4QR

Index

Company information	1
Report of the directors	3 - 4
Report of the independent auditor	5 - 6
Principal accounting policies	7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10 - 14

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 October 2007

Principal activity

Captivating Cuba Limited arranges tailor made holidays to Cuba continuing in the capacity of tour operator and travel agent

Business review

Turnover was £ 3,545,312 an increase of 97% on the annualised turnover recorded in the period 12 September 2005 to 31 October 2006 The gross margins on the turnover increased to 16.3% from 14.8% The company made a loss for the year of £429,993 (2006 loss - £240,897)

The full results are set out on pages 7 – 14

Financial risk management objectives and policies

The company uses financial instruments including cash and various items, such trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs This is achieved by maintaining adequate cash reserves

Credit risk

The company operates advance payment for all tours in order to reduce credit risk.

Directors

The directors who served the company during the year were as follows

S D Diederich (appointed 7 August 2007)
C A L Mottershead (appointed 7 August 2007)
R J Allard (resigned 7 August 2007)
I E Brooks (resigned 7 August 2007)
L C Thomas (resigned 7 August 2007)
C G McKinlay (appointed 7 August 2007)

Directors' responsibilities

Financial statements for the year ended 31 October 2007

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are 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.

Auditor

On 1 November 2006, White Hart Associates LLP resigned as auditors and Grant Thornton UK LLP were appointed. A resolution to appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

Small Company Provision

This report has been prepared in accordance with the special provisions for small companies under Part V11 of the Companies Act 1985.

BY ORDER OF THE BOARD



R. O. Hall
Secretary

27 March 2008

Report of the independent auditor to the member of Captivating Cuba Limited

Grant Thornton 

We have audited the financial statements of Captivating Cuba Limited for the year ended 31 October 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom 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 transactions is not disclosed.

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

Report of the independent auditor to the member of Captivating Cuba Limited

Grant Thornton 

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its loss for the year ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 October 2007.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BRISTOL

27 March 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards. The accounting policies have remained unchanged from the previous period except for the recognition of turnover and preference shares.

Change in accounting policy

In preparation of the financial statements for the current year the company has adopted FRS 25 Financial Instruments: Disclosure and Presentation.

The adoption of FRS 25 has resulted in a change in accounting policy in respect of preference share capital. The preference share capital is now classified as a liability in accordance with FRS 25, whereas previously the company's preference share capital was classified as equity. The effect of the previous period has been to create a creditor due in more than one year of £10,000. There has been no effect on the profit and loss account.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover represents the sales of services net of VAT and is recognised on the date of travel, this represents a change in revenue recognition from the prior year from recognition of revenue at the time of booking. This has resulted in a decrease in turnover of £1,093,767 and gross profit of £174,738.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	-	4 to 10 years
Plant and Machinery	-	4 to 10 years

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Profit and loss account

		Year ended 31 October 2007	Period ended 31 October 2006 Restated
	Note	£	£
Turnover	1	3,545,312	1,947,687
Cost of sales		(2,967,213)	(1,658,649)
Gross profit		578,099	289,038
Administrative charges		(1,019,476)	(467,080)
Operating loss	2	(441,377)	(178,042)
Exceptional items			
Loss on the disposal of investment		-	(67,000)
Interest receivable and similar income		11,384	4,145
Loss on ordinary activities before taxation		(429,993)	(240,897)
Tax on loss on ordinary activities	5	-	-
Loss for the financial period	12	(429,993)	(240,897)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

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

Balance sheet

	Note	31 October 2007 £	31 October 2006 Restated £
Fixed assets			
Intangible assets	6	-	68,170
Tangible assets	7	1,205	93,365
		<u>1,205</u>	<u>161,535</u>
Current assets			
Debtors	8	2,744,784	80,436
Cash at bank		646,744	387,518
		<u>3,391,528</u>	<u>467,954</u>
Creditors: amounts falling due within one year	9	3,283,623	468,386
		<u>107,905</u>	<u>(432)</u>
Net current assets/(liabilities)		<u>109,110</u>	<u>161,103</u>
Total assets less current liabilities		<u>109,110</u>	<u>161,103</u>
Creditors: amounts falling due after more than one year	10	-	362,000
		<u>109,110</u>	<u>(200,897)</u>
Capital and reserves			
Called-up equity share capital	11	780,000	40,000
Profit and loss account	12	(670,890)	(240,897)
Shareholder's funds	13	<u>109,110</u>	<u>(200,897)</u>

These financial statements were approved by the directors on 27 March 2008 and are signed on their behalf by



S D Diederich
 Director



C G McKinlay
 Director

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

Notes to the financial statements

1 Turnover

Turnover and profit on ordinary activities before taxation is attributable to the one principal activity of the company, that of tour operations

All turnover is derived from activities based in Cuba

2 Operating loss

Operating loss is stated after charging

	Year ended 31 October 2007	Period ended 31 October 2006
	£	£
Depreciation of owned fixed assets	49,781	17,463
Amortisation of goodwill	68,170	17,043
Auditors' fees	5,000	5,000

3 Directors and employees

The average number of staff employed by the company including directors during the financial period amounted to

	Year ended 31 October 2007	Period ended 31 October 2006
	No	No
Sales	4	4
Management and Administration	4	3
	8	7

The aggregate payroll costs of the above were

	Year ended 31 October 2007	Period ended 31 October 2006
	£	£
Wages and salaries	156,689	142,907
Social security costs	9,189	14,420
	165,878	157,327

4 Directors

Remuneration in respect of directors was as follows

	Year ended 31 October 2007	Period ended 31 October 2006
	£	£
Emoluments	19,569	2,000

5 Taxation on ordinary activities

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	Year ended 31 October 2007	Period ended 31 October 2006
	£	£
Loss on ordinary activities before taxation	(429,993)	(240,897)
Loss on ordinary activities multiplied by the standard rate of tax for the period	(128,998)	(72,269)
Expenses not deductible for tax purposes	20,751	-
Depreciation in excess of capital allowances for the period	14,935	-
Losses available from group relief	93,312	72,269
Total current tax	-	-

6 Intangible fixed assets

	31 October 2006 £
Cost	
At 31 October 2006	85,213
At 31 October 2007	85,213
Amortisation	
At 31 October 2006	17,043
Charge for the period	68,170
At 31 October 2007	85,213
Net book value	
At 31 October 2007	-
At 31 October 2006	68,170

7 Tangible fixed assets

	Motor Vehicles	Plant & Machinery	Total £
Cost			
At 31 October 2006	18,896	91,932	110,828
Additions	-	1,952	1,952
Amounts written off	-	(21,831)	(21,831)
Disposals	-	(22,500)	(22,500)
At 31 October 2007	<u>18,896</u>	<u>49,553</u>	<u>68,449</u>
Depreciation			
At 31 October 2006	2,101	15,362	17,463
Charge for the period	16,795	32,986	49,781
At 31 October 2007	<u>18,896</u>	<u>48,348</u>	<u>67,244</u>
Net book value			
At 31 October 2007	-	1,205	1,205
At 31 October 2006	<u>16,795</u>	<u>76,570</u>	<u>93,365</u>

8 Debtors

	31 October 2007	31 October 2006 Restated
	£	£
Other Debtors and prepayments	<u>2,744,784</u>	<u>80,436</u>

9 Creditors: amounts falling due within one year

	31 October 2007	31 October 2006 Restated
	£	£
Trade creditors	2,070,686	457,934
Other taxes and social security costs	(23,533)	3,206
Amounts due to group undertakings	15,069	-
Other creditors	18,880	7,246
Accruals and deferred income	1,202,521	-
	<u>3,283,623</u>	<u>468,386</u>

10 Creditors: amounts falling due after one year

	31 October 2007	31 October 2006 Restated
	£	£
Shareholders' loans	-	362,000

11 Share capital

Authorised share capital

	31 October 2007	31 October 2006
	£	£
770,000 Ordinary shares of £1 each	770,000	30,000
10,000 Preference shares of £1 each	10,000	10,000
	<u>780,000</u>	<u>40,000</u>

The Preference shares are 0% non-voting cumulative redeemable preference shares which can only be redeemed at the option of the company. These shares are classified as equity since they do not have any of the characteristics of debt.

Allotted, called up and fully paid

	31 October 2007 £
At 1 November 2006	
Ordinary shares of £1 each	30,000
Preference shares of £1 each	10,000
	<u>40,000</u>
Shares issued	740,000
At 31 October 2007	<u>780,000</u>

During the course of the year the company issued 740,000 Ordinary £1 shares at par

12 Profit and loss account

	31 October 2007 £
Balance brought forward	(240,897)
Loss for the year	(429,993)
Balance carried forward	<u>(670,890)</u>

13 Reconciliation of movements in shareholder's funds

	31 October 2007	31 October 2006
	£	£
Loss for the financial year	(429,993)	(240,897)
Shares issued	740,000	40,000
Opening shareholder's equity funds	(200,897)	-
Closing shareholder's equity funds	<u>109,110</u>	<u>(200,897)</u>

14 Contingent liabilities

Barclays Bank plc holds an unlimited debenture over the assets of the company in respect of overdraft, forward exchange and bonding facilities.

15 Related party transactions

As a wholly-owned subsidiary of Travelzest plc (formerly VFB Group plc), the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Travelzest plc on the grounds that accounts are publicly available

16 Ultimate parent company

Travelzest plc is the company's controlling related party by virtue of its 100% ownership of the ordinary share capital. There is no ultimate controlling related party.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Travelzest plc. Copies of group accounts can be obtained from Travelzest plc, Farm Cottage, Heath House, Wedmore, Somerset, BS28 4UG.