

Captivating Cuba Limited
Financial statements
For the year ended 31 October 2008



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 Hartwell House 55-61 Victoria Street Bristol BS1 6FT

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 2008.

Principal activity

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

Business review

Turnover was £2,789,020, a decrease of 21% on the turnover recorded in the year to 31 October 2007. The gross margin on the turnover increased to 17% from 16%. The company made a loss for the year of £51,530 (2007 loss - £429,993).

Financial risk management objectives and policies

Captivating Cuba's financial risk profile is set within the context of the group, Travelzest Plc. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review of the consolidated group accounts. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Chief Executive Officer's Review therein.

The company uses financial instruments including cash and various items, such as 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 group meets its day to day working capital requirements through an overdraft facility. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; and (b) the exchange rate between sterling and, in the case of Captivating Cuba, the US dollar and the Cuban peso, and thus the consequence for the group's cost of sales. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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
C A L Mottershead
C G McKinlay

Directors' responsibilities

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

Grant Thornton offer themselves for reappointment as auditor in accordance with the Companies Act.

Small Company Provision

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

BY ORDER OF THE BOARD



R G Hall
Secretary

26/02/09

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



We have audited the financial statements of Captivating Cuba Limited for the year ended 31 October 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 15. 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 it 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



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 2008 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 2008.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BRISTOL

26 February 2009

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.

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 holidays, insurance, and other related services, net of VAT, and is recognised on the date of travel.

Where the company acts as an agent, turnover represents commission earned less amounts due or paid or any commissions shared.

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.

Client monies received in advance

Client monies relating to holidays commencing after the year end are included in creditors.

Profit and loss account

	Note	Year to 31 October 2008 £	Year to 31 October 2007 £
Turnover	1	2,789,020	3,545,312
Cost of sales		(2,317,609)	(2,967,213)
Gross profit		471,411	578,099
Administrative charges		(552,036)	(1,019,476)
Operating loss	2	(80,625)	(441,377)
Interest receivable and similar income		9,444	11,384
Loss on ordinary activities before taxation		(71,181)	(429,993)
Tax credit on loss on ordinary activities	5	19,651	-
Loss for the financial period	11	(51,530)	(429,993)

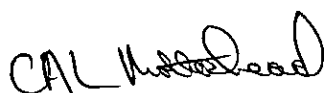
All of the activities of the company are classed as continuing.

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

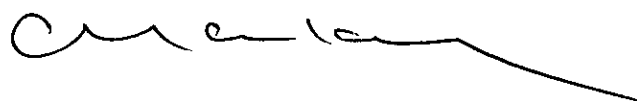
Balance Sheet

	Note	31 October 2008 £	31 October 2007 £
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	11,564	1,205
		<u>11,564</u>	<u>1,205</u>
Current assets			
Debtors	8	155,810	2,768,317
Cash at bank		418,351	646,744
		<u>574,161</u>	<u>3,415,061</u>
Creditors: amounts falling due within one year	9	(528,145)	(3,307,156)
Net current assets		<u>46,016</u>	<u>107,905</u>
Total assets less current liabilities		<u>57,580</u>	<u>109,110</u>
		<u>57,580</u>	<u>109,110</u>
Capital and reserves			
Called-up equity share capital	10	780,000	780,000
Profit and loss account	11	(722,420)	(670,890)
Shareholder's funds	12	<u>57,580</u>	<u>109,110</u>

These financial statements were approved by the directors on 26 February 2009 and are signed on their behalf by:



C A L Mottershead
 Director



C G McKinlay
 Director

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 to 31 October 2008	Year to 31 October 2007
	£	£
Depreciation of owned fixed assets	-	49,781
Amortisation of goodwill	-	68,170
Auditor remuneration	<u>7,045</u>	<u>5,000</u>

3 Employees

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

	Year to 31 October 2008 No.	Year to 31 October 2007 No.
Sales	4	4
Management and Administration	2	4
	<u>6</u>	<u>8</u>

The aggregate payroll costs of the above were:

	Year to 31 October 2008	Year to 31 October 2007
	£	£
Wages and salaries	225,507	176,258
Social security costs	8,845	9,189
	<u>234,352</u>	<u>185,447</u>

4 Directors

Remuneration in respect of directors was as follows:

	Year to 31 October 2008	Year to 31 October 2007
	£	£
Emoluments	65,512	-
Emoluments paid to a third party	<u>-</u>	<u>19,569</u>

5 Taxation on ordinary activities

a) Analysis of charge in the period:

	Year to 31 October 2008 £	Year to 31 October 2007 £
Current tax:		
UK Corporation tax based on the results for the period at 28% (2007 – 30%)	<u>(19,651)</u>	<u>-</u>

(b) Factors affecting current tax charge

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 28% (2007 - 30%).

	Year to 31 October 2008 £	Year to 31 October 2007 £
Loss on ordinary activities before taxation	<u>(71,181)</u>	<u>(429,993)</u>
Loss on ordinary activities multiplied by the standard rate of tax for the period	(19,931)	(128,998)
Expenses not deductible for tax purposes	280	20,751
Depreciation in excess of capital allowances for the period	-	14,935
Losses available from group relief	-	93,312
Total current tax credit	<u>(19,651)</u>	<u>-</u>

6 Intangible fixed assets

	£
Cost	
At 31 October 2007	85,213
At 31 October 2008	<u>85,213</u>
Amortisation	
At 31 October 2007	85,213
Charge for the period	-
At 31 October 2008	<u>85,213</u>
Net book value	
At 31 October 2008	<u>-</u>
At 31 October 2007	<u>-</u>

7 Tangible fixed assets

	Motor Vehicles £	Plant & Machinery £	Total £
Cost			
At 31 October 2007	18,896	49,553	68,449
Additions	-	10,359	10,359
Disposals	-	-	-
At 31 October 2008	<u>18,896</u>	<u>59,912</u>	<u>78,808</u>
Depreciation			
At 31 October 2007	18,896	48,348	67,244
Charge for the period	-	-	-
At 31 October 2008	<u>18,896</u>	<u>48,348</u>	<u>67,244</u>
Net book value			
At 31 October 2008	<u>-</u>	<u>11,564</u>	<u>11,564</u>
At 31 October 2007	<u>-</u>	<u>1,205</u>	<u>1,205</u>

8 Debtors

	31 October 2008	31 October 2007
	£	£
Trade debtors	28,683	-
Prepayments and accrued income	77,118	2,744,784
Amounts owed by group companies	6,994	-
Other debtors	23,364	23,533
Corporation tax debtor	19,651	-
	<u>155,810</u>	<u>2,768,317</u>

9 Creditors: amounts falling due within one year

	31 October 2008	31 October 2007
	£	£
Trade creditors	-	2,070,686
Amounts due to group undertakings	-	15,069
Other creditors	52,008	18,880
Accruals and deferred income	476,137	1,202,521
	<u>528,145</u>	<u>3,307,156</u>

10 Share capital

Authorised share capital:

	31 October 2008	31 October 2007
	£	£
770,000 Ordinary shares of £1 each	1,030,000	1,030,000
10,000 Preference shares of £1 each	10,000	10,000
Total £1 shares	<u>1,040,000</u>	<u>1,040,000</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 2008	31 October 2007
	£	£
Ordinary shares of £1 each	770,000	770,000
Preference shares of £1 each	10,000	10,000
Total £1 shares	<u>780,000</u>	<u>780,000</u>

11 Profit and loss account

	31 October 2008	31 October 2007
	£	£
Balance brought forward	(670,890)	(240,897)
Loss for the year	(51,530)	(429,993)
Balance carried forward	<u>(722,420)</u>	<u>(670,890)</u>

12 Reconciliation of movements in shareholder's funds

	31 October 2008	31 October 2007
	£	£
Loss for the financial year	(51,530)	(429,993)
Shares issued	-	740,000
Opening shareholder's equity funds	109,110	(200,897)
Closing shareholder's equity funds	57,580	109,110

13 Contingent liabilities

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

14 Related party transactions

As a wholly-owned subsidiary of Travelzest 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.

15 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.