

**SUNSHINE CRUISES LIMITED  
DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**for the year ended  
31 October 2006**

**Company Number 3991465**



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# **SUNSHINE CRUISES LIMITED**

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## **SUNSHINE CRUISES LIMITED**

### **DIRECTORS' REPORT for year ended 31 October 2006**

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The Directors present their report and consolidated financial statements of the Sunshine Cruises Limited Group for the year ended 31 October 2006

#### **PRINCIPAL ACTIVITY**

The Company is a Joint Venture between Royal Caribbean Cruises Ltd and First Choice Holidays PLC. The Company's principal activity is that of a Cruise Operator.

#### **RESULTS AND DIVIDENDS**

The profit for the year after tax was £3,459,000 (2005 profit for year £2,237,000). The Directors do not propose the payment of a dividend for the year ended 31 October 2006 (2005 £Nil).

#### **BUSINESS REVIEW**

In 2006, the Company introduced its second ship, the "Island Star", which commenced service in December 2005 following an extensive dry dock. 2006 was a very challenging year in which to double capacity - the World Cup, record summer temperatures and terrorist activities all suppressed demand and resulted in a much later market. Despite difficult market conditions, the company delivered a strong financial result growing net income by 43% and attracted high customer satisfaction levels and repeat passenger numbers.

The market in 2007 is expected to remain challenging as further capacity is added by other cruise operators. However, we believe that the Company is well equipped to build on its success in 2006 through careful management of costs and yields.

The directors continuously manage the risks and uncertainties of the Company. The principal risks and uncertainties are:

**Geo-political events and natural disasters** The nature of our business means that we continually face the risk of geo-political events or natural disasters. It is for this reason that we ensure we operate with a flexible and efficient business model which enables us to redeploy our assets and minimise the reliance on any one destination.

**Commercial relationships** We have well established and close relationships with our suppliers and spread our risk by not placing over-reliance on any one supplier in any particular area. However, if a relationship was lost or damaged with a major supplier this could have a detrimental effect on our business. The management team meets regularly with suppliers to maintain good working relationships.

**Information technology** We are heavily reliant upon information technology. Investment is being made to ensure that we have advanced and efficient systems in place but there is a risk if there were a major failure – particularly if it were to affect selling systems. Procedures are in place to minimise the time a selling system is unavailable in the event of such a failure.

The Directors manage the business with reference to a number of key performance indicators (KPIs). The KPIs which relate to the Company are:

Emphasis on product differentiation  
Increasing control of the distribution of our products  
Expansion of online sales to assist the drive to becoming a primarily direct-sale business

## **SUNSHINE CRUISES LIMITED**

### **DIRECTORS' REPORT (continued) for year ended 31 October 2006**

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#### **DIRECTORS AND THEIR INTERESTS**

The Directors at the date of this report are

D Blastland  
A M Goldstein  
S M Hooper  
P J Long  
P Ryan

None of the Directors had any beneficial interest in the shares of the Company at any time during the year

#### **POLICY AND PRACTICE ON PAYMENT OF SUPPLIERS**

Due to the nature of the Company's operations, and common to the industry as a whole, payments are often made in advance of the provision of goods and services. It is Company policy that payments to suppliers, whether in advance or after the provision of the goods or services, are made on the basis of the terms that have been agreed with them. At the year end, the number of creditor days outstanding was 4 days (2005 9 days)

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **DIRECTORS' INSURANCE**

The Joint Venture parent companies maintain insurance policies on behalf of all the Directors of the Company against liability arising from negligence, breach of duty of trust in relation to the Company

#### **AUDITORS**

The Company has elected to dispense with the holding of Annual General Meetings, the laying of accounts before the members in General Meeting and the appointment of auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors

By order of the Board



P Ryan  
Director

Date. 17 August 2007

## **SUNSHINE CRUISES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS For the year ended 31 October 2006**

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#### **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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period

In preparing those 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 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 group and parent 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 parent company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law

## **SUNSHINE CRUISES LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **To the members of SUNSHINE CRUISES LIMITED**

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We have audited the financial statements of Sunshine Cruises Limited for the year ended 31 October 2006 which comprise the consolidated Profit and Loss Account, the consolidated and Company Balance Sheets, the consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 other 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.

#### **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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 October 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**LONDON**

*Date: 29 August 2007*

**SUNSHINE CRUISES LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 October 2006**

	<i>Note</i>	<i>Year to 31 October 2006</i>	<i>Year to 31 October 2005</i>
		<i>£000</i>	<i>£000</i>
Turnover		94,634	51,608
Cost of sales		(76,186)	(37,246)
Gross profit		18,448	14,362
Operating expenses		(13,737)	(11,094)
Operating profit		4,711	3,268
Net interest receivable	2	257	291
Profit on ordinary activities before tax	3	4,968	3,559
Taxation on profit on ordinary activities	5	(1,509)	(1,322)
Profit on ordinary activities after tax		3,459	2,237
Minority interests	14	(59)	3
Profit for the financial year attributed to equity shareholders		3,400	2,240

The Company has no other recognised gains or losses for the year

A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

All results arose from continuing activities

**SUNSHINE CRUISES LIMITED****CONSOLIDATED BALANCE SHEET****As at 31 October 2006**

	<i>Note</i>	<b>2006</b> <b>£000</b>	<b>2005</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	6	104	109
Tangible assets	7	58,575	51,405
		<b>58,679</b>	<b>51,514</b>
<b>Current assets</b>			
Stock		2,593	876
Debtors	9	10,851	12,698
Cash at bank and in hand		9,813	12,548
		<b>23,257</b>	<b>26,122</b>
<b>Creditors'</b> amounts falling due within one year	10	<b>(13,990)</b>	<b>(14,470)</b>
<b>Net current assets</b>		<b>9,267</b>	<b>11,652</b>
<b>Total assets less current liabilities</b>		<b>67,946</b>	<b>63,166</b>
Provisions for liabilities and charges	11	<b>(5,493)</b>	<b>(4,172)</b>
<b>Net assets</b>		<b>62,453</b>	<b>58,994</b>
<b>Capital and reserves</b>			
Called up share capital	12	64,000	64,000
Profit and loss account	13	(1,628)	(5,028)
Minority interest	14	81	22
<b>Equity shareholders' funds</b>		<b>62,453</b>	<b>58,994</b>

The movement in equity shareholders' funds during the year is represented by the profit for the financial year

The financial statements on pages 5 to 18 were approved by the Board on  
and signed on their behalf by:

  
P Ryan  
Director

Date 17 August 2007



**SUNSHINE CRUISES LIMITED****COMPANY BALANCE SHEET**  
**As at 31 October 2006**

	<i>Note</i>	<b>2006</b> <b>£000</b>	<b>2005</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	7	<b>58,538</b>	51,354
Investments	8	<b>125</b>	121
		<b>58,663</b>	51,475
<b>Current assets</b>			
Stocks		<b>2,593</b>	876
Debtors	9	<b>10,607</b>	12,668
Cash at bank and in hand		<b>9,602</b>	12,518
		<b>22,802</b>	26,062
<b>Creditors</b>			
amounts falling due within one year	10	<b>(13,762)</b>	(14,384)
<b>Net current assets</b>		<b>9,040</b>	11,678
<b>Total assets less current liabilities</b>		<b>67,703</b>	63,153
Provisions for liabilities and charges	11	<b>(5,492)</b>	(4,171)
<b>Net assets</b>		<b>62,211</b>	58,982
<b>Capital and reserves</b>			
Called up share capital	12	<b>64,000</b>	64,000
Profit and loss account	13	<b>(1,789)</b>	(5,018)
<b>Equity shareholders' funds</b>		<b>62,211</b>	58,982

The movement in equity shareholders' funds during the year is represented by the profit for the financial year

The financial statements on pages 5 to 18 were approved by the Board on  
and signed on their behalf by:

  
P Ryan  
Director

Date 17 August 2007

**SUNSHINE CRUISES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 October 2006**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
<b>Net cash inflow from operating activities</b>	<b>9,283</b>	<b>3,356</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	257	291
<b>Net cash inflow from return on investments and servicing of finance</b>	<b>257</b>	<b>291</b>
<b>Net cash outflow from capital expenditure</b>		
Purchase of tangible fixed assets	(12,274)	(576)
<b>Net cash outflow from acquisitions</b>	<b>(1)</b>	<b>-</b>
<b>Net cash (outflow) / inflow before financing</b>	<b>(2,735)</b>	<b>3,071</b>
<b>(Decrease) / increase in cash</b>	<b>(2,735)</b>	<b>3,071</b>

**SUNSHINE CRUISES LIMITED****RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
<b>Operating profit</b>	4,711	3,268
Depreciation charge	5,104	4,799
Amortisation	6	6
(Increase) / decrease in stock	(1,717)	203
Decrease / (increase) in debtors	1,847	(2,543)
(Decrease) in creditors	(668)	(2,377)
<b>Net cash inflow from operating activities</b>	<b>9,283</b>	<b>3,356</b>

**ANALYSIS OF NET FUNDS**

(Decrease) / increase in cash in the year	(2,735)	3,071
Net cash at the start of the year	12,548	9,477
<b>Net cash at the end of the year</b>	<b>9,813</b>	<b>12,548</b>

## **SUNSHINE CRUISES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2006**

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#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

The following accounting policies have been consistently applied in dealing with items considered material in relation to the Accounts

##### **New Financial Reporting Standards**

In these financial statements, the following new Financial Reporting Standards have been adopted for the first time

##### **FRS 21 Events after the balance sheet date**

Under FRS 21 dividends are recorded as liabilities in the period in which they are approved. Under UK GAAP dividends were previously recorded when proposed. As the Company has not paid an equity dividend in the last two financial years, the adoption of FRS 21 has had no impact on this year's financial statements

##### **FRS 25 Financial instruments – presentation and disclosure**

The presentation requirements of FRS 25 are applicable within these financial statements. Equity dividends are debited directly to equity. The presentational requirements of this new standard have not otherwise impacted these financial statements

##### **FRS 28 Corresponding amounts**

This has no effect because it comprises the same requirements for comparative information as previously required by the Companies Act 1985

##### **Accounting Convention**

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

##### **Basis of Consolidation**

The Group accounts consolidate the accounts of Sunshine Cruises Limited and its subsidiary undertaking, Text Abroad Holidays Limited. These accounts are made up to 31 October 2006

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the year are included in the profit and loss account from the effective date of acquisition

The Company has taken advantage of the exemption under section 230 of the Companies Act 1985 from presenting its own profit and loss account

##### **Goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs given over the fair values of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life, normally 20 years

## **SUNSHINE CRUISES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2006**

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#### **1 ACCOUNTING POLICIES (continued)**

##### **Turnover**

Turnover represents the aggregate amount of revenue from cruise operations and travel agency commissions. Revenue from cruise operations is recognised on the date of departure, revenue from travel agency commissions is recognised when final payment is made.

##### **Stock**

Stock consists of provisions, supplies and fuel carried at the lower of cost and net realisable value.

##### **Client Money Received In Advance**

Client money received at the balance sheet date relating to holidays commencing after the year end is included in creditors.

##### **Foreign currencies**

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates.

##### **Operating Leases**

Rentals payable and receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the period of the lease or on another systematic basis, if this is more representative of the time pattern of the benefit from the leased asset.

##### **Deferred Taxation**

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in years different from their inclusion in the financial statements.

##### **Pensions**

Employees of the Company participate in a defined contribution pension scheme operated by First Choice Holidays PLC. Charges are made to the Company by First Choice for those employees who participate in the scheme. Pension liabilities are charged to the profit and loss account as they fall due.

##### **Tangible fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets on a straight line basis at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life. The rates used are as follows:

Ship	20 years
Leased Ship	6 years
Fixtures & Fittings	3-10 years
Computer equipment	3-6 years

## **SUNSHINE CRUISES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2006**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Tangible fixed assets and depreciation (continued)**

During the year the Directors have reassessed the residual value of the owned ship. Previously this had been set at nil, however following a review of current market valuations and industry practice, residual value has now been set at approximately 15% of the most recent valuation. This has the effect of reducing the depreciation charge by £0.5m for this financial year.

#### **2. NET INTEREST RECEIVABLE**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	258	297
Bank interest payable	(1)	(6)
	<u>257</u>	<u>291</u>

#### **3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

Profit on ordinary activities is stated after charging

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Depreciation	5,104	4,799
Amortisation	6	6
Hire of plant and machinery – rentals payable under operating leases	6,892	-
Hire of other assets – operating leases	<u>44</u>	<u>39</u>
Auditors' remuneration	<u>25</u>	<u>24</u>
Audit of these financial statements	15	14
Audit of financial statements of subsidiary pursuant to legislation	10	10

#### **4. STAFF COSTS**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,532	1,935
Social security costs	285	171
Pension costs	<u>114</u>	<u>83</u>
	<u>2,931</u>	<u>2,189</u>

##### **Staff Numbers**

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	<b>Number</b>	<b>Number</b>
Operational	64	38
Administration and Management	<u>21</u>	<u>15</u>
	<u>85</u>	<u>53</u>

##### **Directors' Remuneration:**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration consists of		
Emoluments (including pension contributions)	272	275
Emoluments of highest paid director (excluding pension contributions)	247	223
Pension contributions attributable to highest paid director	25	21
The Company operates a defined contribution scheme		

**SUNSHINE CRUISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2006****5. TAXATION**

The tax charge in the 31 October 2006 accounts can be summarised as follows

	<b>2006 £000</b>	<b>2005 £000</b>
<b>Tax on profit on ordinary activities.</b>		
<b>(i) Analysis of charge in year</b>		
Current tax		
UK corporation tax on profit for the year	180	-
Adjustment in respect of previous years	-	
- permanent	-	239
- origination of timing differences	8	7
<b>Total current tax</b>	<b>188</b>	<b>246</b>
Deferred tax		
<b>Origination and reversal of timing differences:</b>		
- current year UK	1,320	1,078
- adjustment in respect of previous years	1	(2)
<b>Total deferred tax (see note 11)</b>	<b>1,321</b>	<b>1,076</b>
<b>Tax on profit on ordinary activities</b>	<b>1,509</b>	<b>1,322</b>

**(ii) Factors affecting tax charge for the year**

The tax charge for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	<b>2006 £000</b>	<b>2005 £000</b>
Profit on ordinary activities before tax	4,968	3,559
Profit on ordinary activities at the standard rate of UK corporation tax of 30% (2005 30%)	1,490	1,068
Effects of		
- Expenses not deductible for tax purposes	8	8
- Capital allowances for year in excess of depreciation	(382)	(418)
- Adjustment to tax charge in respect of previous years	8	246
- Non utilisation of tax losses	-	2
- Utilisation of tax losses	(936)	(660)
<b>Current tax charge for the year</b>	<b>188</b>	<b>246</b>

**SUNSHINE CRUISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2006****6. INTANGIBLE ASSETS****Goodwill**

	Group 2006 £000
<b>Cost</b>	
At beginning of year	119
Additions	1
At end of year	<u>120</u>
<b>Amortisation</b>	
At beginning of year	10
Charged in year	6
At end of year	<u>16</u>
<b>Net Book Value</b>	
At 31 October 2006	<u>104</u>
At 31 October 2005	<u>109</u>

The goodwill relates to the acquisition of Text Abroad Holidays Limited in 2004 and a further addition on 1 November 2005 (see note 8)

**7 TANGIBLE ASSETS**

GROUP	<i>Owned Ship</i>	<i>Owned Ship Fixtures &amp; Fittings</i>	<i>Leased Ship Fixtures &amp; Fittings</i>	<i>Office Fixtures &amp; Fittings</i>	<i>Computers</i>	<i>Total</i>
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 November 2005	65,955	8,015	-	41	1,277	75,288
Transfers	-	-	5,421	-	-	5,421
Additions	1,395	1,975	2,987	22	474	6,853
At 31 October 2006	67,350	9,990	8,408	63	1,751	87,562
<b>Depreciation</b>						
At 1 November 2005	(17,154)	(5,719)	-	(10)	(1,000)	(23,883)
Provided in the year	(2,835)	(812)	(1,276)	(8)	(173)	(5,104)
At 31 October 2006	(19,989)	(6,531)	(1,276)	(18)	(1,173)	(28,987)
<b>Net Book Value</b>						
At 31 October 2006	<u>47,361</u>	<u>3,459</u>	<u>7,132</u>	<u>45</u>	<u>578</u>	<u>58,575</u>
At 31 October 2005	<u>48,801</u>	<u>2,296</u>	<u>-</u>	<u>31</u>	<u>277</u>	<u>51,405</u>



**SUNSHINE CRUISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2006****7. TANGIBLE ASSETS (continued)**

COMPANY	<i>Owned Ship</i>	<i>Owned Ship Fixtures &amp; Fittings</i>	<i>Leased Ship Fixtures &amp; Fittings</i>	<i>Office Fixtures &amp; Fittings</i>	<i>Computers</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Cost or valuation</b>						
At 1 November 2005	65,955	8,015	-	-	1,253	75,223
Transfers	-	-	5,421	-	-	5,421
Additions	1,395	1,975	2,987	21	474	6,852
At 31 October 2006	67,350	9,990	8,408	21	1,727	87,496
<b>Depreciation</b>						
At 1 November 2005	(17,154)	(5,720)	-	-	(995)	(23,869)
Provided in the year	(2,835)	(812)	(1,276)	-	(166)	(5,089)
At 31 October 2006	(19,989)	(6,532)	(1,276)	-	(1,161)	(28,958)
<b>Net Book Value</b>						
At 31 October 2006	47,361	3,458	7,132	21	566	58,538
At 31 October 2005	48,801	2,295	-	-	258	51,354

**8 INVESTMENTS**

	<b>Company 2006 £000</b>
<b>Cost</b>	
At beginning of year	121
Additions	4
At end of year	<u>125</u>
<b>Net Book Value</b>	
At 31 October 2006	<u>125</u>
At 31 October 2005	<u>121</u>

**Principal operating subsidiary**

The Group comprises one subsidiary undertaking, Text Abroad Holidays Limited. At 31 October 2006, Sunshine Cruises Limited held 75.3% of the shares in Text Abroad Holidays Limited (a company incorporated in England and Wales whose principal activity is that of a Travel Agency).

On 1 November 2005, the Company acquired a further 8 shares in Text Abroad Holidays Limited for a cash consideration of £4,000, taking the percentage of ordinary shares held to 75.3%. Goodwill of £1,000 arose from this transaction (see note 6). On 1 November 2006, the Company acquired a further 37 shares in Text Abroad Holidays Limited for a cash consideration of £108,000, taking the percentage of ordinary shares held to 100%.

**SUNSHINE CRUISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2006****9 DEBTORS**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade receivables	1,590	327	1,350	280
Consortium relief receivable	5,244	5,244	5,297	5,297
Other receivables	1,769	775	1,730	752
Prepayments	2,248	6,352	2,230	6,339
	<b>10,851</b>	<b>12,698</b>	<b>10,607</b>	<b>12,668</b>

**10. CREDITORS - amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade payables	975	989	913	950
Other payables	247	57	83	-
Amounts due to Joint Venture Companies	2,174	8,003	2,174	8,036
Accruals and deferred income	3,703	2,382	3,701	2,359
Client money received in advance	6,891	3,039	6,891	3,039
	<b>13,990</b>	<b>14,470</b>	<b>13,762</b>	<b>14,384</b>

**11 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Group</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred Tax</b>		
At 1 November 2005	4,172	4,171
Provided in the year	1,321	1,321
At 31 October 2006	<b>5,493</b>	<b>5,492</b>
The net deferred tax provision as at 31 October 2006 is as follows	<b>Group</b>	<b>Company</b>
	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	10,213	9,834
Other short term timing differences	(4,720)	(5,662)
	<b>5,493</b>	<b>4,172</b>

There is no unprovided deferred taxation at either 31 October 2006 or 31 October 2005

**12 SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
50,000,000 A Ordinary Shares of £1 each	50,000	50,000
50,000,000 B Ordinary Shares of £1 each	50,000	50,000
	<b>100,000</b>	<b>100,000</b>
<b>Allotted, called up and fully paid</b>		
32,000,001 A Ordinary Shares of £1 each	32,000	32,000
32,000,001 B Ordinary Shares of £1 each	32,000	32,000
	<b>64,000</b>	<b>64,000</b>

**SUNSHINE CRUISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 October 2006****13 PROFIT AND LOSS ACCOUNT**

	<b>Group 2006 £000</b>	<b>Group 2005 £000</b>	<b>Company 2006 £000</b>	<b>Company 2005 £000</b>
At beginning of the year	(5,028)	(7,268)	(5,018)	(7,276)
Profit for the financial year	3,400	2,240	3,229	2,258
<b>At end of the year</b>	<b>(1,628)</b>	<b>(5,028)</b>	<b>(1,789)</b>	<b>(5,018)</b>

**14 MINORITY INTEREST**

The 25% (2005 30%) minority interest for 2006 was £81,000 (2005 £22,000)

**15 OPERATING LEASE COMMITMENTS**

	<b>Group &amp; Company</b>	<b>Group &amp; Company</b>	<b>Group &amp; Company</b>
	<b>Ship 2006 £000</b>	<b>Property 2006 £000</b>	<b>Ship 2005 £000</b>
Annual Commitments under non-cancellable operating leases			
Less than 1 year	-	84	-
Between 2 – 5 years	7,561	-	-
After 5 years	-	51	7,476
	<b>7,561</b>	<b>135</b>	<b>7,476</b>

**16 CAPITAL COMMITMENTS**

	<b>Group and Company 2006 £000</b>	<b>Group and Company 2005 £000</b>
Contracted but not provided	-	1,621
	<b>-</b>	<b>1,621</b>

The capital commitments in 2005 related to contracted ship fit-out costs

## **SUNSHINE CRUISES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2006**

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#### **17 RELATED PARTY TRANSACTIONS**

The Company was charged £16,109,000 (2005 £10,394,000) by First Choice Holidays PLC (FCH) subsidiary companies for marketing contributions and flying, commission and administrative services and £134,000 (2005 £121,000) for administrative services by Royal Caribbean Cruises Ltd (RCCL). At 31 October 2006 the Company was owed £4,600,000 (2005 £738,000) by First Choice Holidays & Flights Limited (FCH&F) a subsidiary of FCH and £9,000 from RCCL (2005 £422,000). In addition the Company owed £3,450,000 to RCCL (2005 £4,650,000) and £3,316,000 to FCH (2005 £4,516,000). These are included in amounts due to Joint Venture Companies. The Company was also owed £5,244,000 (2005 £5,244,000) in surrendered tax relief from the FCH Group.

#### **18. ULTIMATE PARENT COMPANY**

The Company is jointly owned and controlled by Royal Caribbean Cruises Ltd and First Choice Holidays PLC. The Group's two Shareholders both account for their interest in the Group as a joint venture and consolidate their respective shares of profits or losses and net assets or liabilities.

Ultimately, the Directors consider that the Group is jointly controlled by Royal Caribbean Cruises Ltd (incorporated in Liberia) and First Choice Holidays PLC (incorporated in the United Kingdom).

The latest financial statements of Royal Caribbean Cruises Ltd may be obtained by writing to the Company Secretary, Royal Caribbean Cruises Ltd, 1050 Caribbean Way, Miami, Florida 33132.

The latest financial statements of First Choice Holidays PLC are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 9GX.