

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

THURSDAY



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COMPANIES HOUSE

Company No. 2018522

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED

DIRECTORS .

Mr P W Cheung
Mr T T Chan
Mr X Zeng
Mr Z D Gu

SECRETARY

Mr P W Cheung

REGISTERED OFFICE :

124 Euston Road
London NW1 2AL

TRADING ADDRESSES

124 Euston Road
London NW1 2AL

112A Shaftesbury Avenue
London W1D 5EN

AUDITORS

KAM LEE ASSOCIATES
Chartered Certified Accountants
& Registered Auditors

66 Shaftesbury Avenue
London W1D 6LX

BANKERS

Bank of China
90 Cannon Street
London EC6N 6HA

HSBC Bank Plc
31 Euston Road
London NW1 2ST

Bank of East Asia, Limited
75 Shaftesbury Avenue
London W1V 8BB

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
REPORT OF THE DIRECTORS

The Directors present their report with the Accounts of the company for the year ended 31 December 2007 as follows

PRINCIPAL ACTIVITIES

The principal activity of the company was that of travel agents

REVIEW OF BUSINESS

The results of the company's trading for the year are shown in the Accounts and the notes thereon.

DIVIDENDS

The Directors do not recommend the payment of dividend

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors have

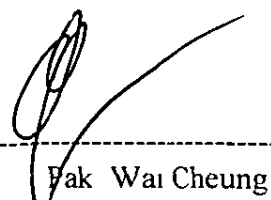
- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, and
- prepared the financial statements on the going concern basis

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 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

AUDITORS

A resolution to reappoint the auditors, KAM LEE ASSOCIATES, will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



Pak Wai Cheung
Secretary

Date

27/6/2008

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	<u>NOTES</u>	<u>2007</u> £	<u>2006</u> £
<u>TURNOVER</u>	2	3,430,130	3,428,637
<u>COST OF SALES</u>		(3,070,082)	(3,017,163)
<u>GROSS PROFIT</u>		----- 360,048	----- 411,474
Distribution Costs		(4,410)	(2,408)
Administrative Expenses		(396,250)	(431,038)
<u>OPERATING PROFIT / (LOSS)</u>		----- (40,612)	----- (22,472)
Income from other Fixed Assets Investments		8,760	4,355
Interest Receivable and Similar Income		14,776	8,074
Interest Payable and Similar Charges	3	(11,477)	(14,016)
<u>PROFIT / (LOSS) BEFORE TAXATION</u>	4	----- (28,553)	----- (24,059)
<u>TAXATION</u>	5	-	-
<u>PROFIT / (LOSS) AFTER TAXATION</u>		----- £ (28,553) =====	----- £ (24,059) =====

The notes on pages 5 to 7 form part of these Accounts.

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
BALANCE SHEET
AT 31 DECEMBER 2007

	<u>NOTES</u>	<u>2007</u>	<u>2006</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	7	9,311	10,925
<u>CURRENT ASSETS</u>			
Stock		500	4,000
Debtors & Prepayments	8	99,569	129,708
Cash at Bank & in Hand		241,851	204,529
		341,920	338,237
<u>CREDITORS</u> Amounts falling due within one year	9	(341,957)	(284,555)
<u>NET CURRENT ASSETS</u>		(37)	53,682
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		9,274	64,607
<u>CREDITORS</u> Amounts falling due after more than one year	10	(199,291)	(226,071)
		£ (190,017)	£ (161,464)
<u>CAPITAL AND RESERVES</u>			
Issued Share Capital	11	40,000	40,000
Profit and Loss Account	12	(230,017)	(201,464)
Shareholders' Funds	13	£ (190,017)	£ (161,464)

The accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities

Signed on behalf of the Board


Tung Tao Chan

Date

27/6/2008

The notes on pages 5 to 7 form part of these Accounts

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

- a) The Accounts have been prepared under the historical cost convention
The company has taken advantage of exemption in Financial Reporting Standard No 1 from the requirement to produce cashflow statement on the grounds that it is a small company
- b) Depreciation is calculated using the reducing balance basis at the following rates :

Motor Van	25%
Fixtures, Fittings & Equipment	25%
- c) Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date Transaction in foreign currencies are translated into Sterling at the rate ruling on the date of transaction Exchange differences are taken into account in arriving at the operating profit
- d) Operating leases
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.
- e) Stock have been valued at lower of cost or net realisable value

2 TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided net of value added tax

3 <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>2007</u>	<u>2006</u>
	£	£
Bank Charges & Interest	3,246	4,924
Credit Card Charges	8,231	9,092
	-----	-----
	<u>11,477</u>	<u>14,016</u>

4. PROFIT / (LOSS) BEFORE TAXATION

This is stated after charging

Directors' Remuneration	36,000	36,000
Auditors' Remuneration	3,000	3,000
	<u> </u>	<u> </u>

5 TAXATION

Based on Profit for the year

UK Corporation Tax @ 19%	-	-
	=	=

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

6.	<u>EMPLOYEES</u>	<u>2007</u>	<u>2006</u>	
a)	The average number of employees, including directors, during the year was as follows:	Number	Number	
	Sales	9	10	
	Management	4	4	
		----	----	
		13	14	
		=====	=====	
b)	Staff costs, including directors' remuneration, were as follows -	£	£	
	Salaries & Wages	170,025	182,036	
	Social Security Costs	11,693	12,613	
		-----	-----	
		181,718	194,649	
		=====	=====	
c)	Directors			
	Directors' emoluments consist of:	£	£	
	Fees as Directors	36,000	36,000	
		=====	=====	
	Highest paid Directors	18,000	18,000	
		=====	=====	
7.	<u>TANGIBLE FIXED ASSETS</u>			
		Leasehold	Fixtures, Fittings & Motor	
	<u>Total</u>	<u>Premises</u>	<u>Equipment</u> <u>Van</u>	
	<u>£</u>	<u>£</u>	<u>£</u> <u>£</u>	
	<u>Costs</u>			
	As at 1-1-2007	71,473	66,686	1,400
	Additions	359	359	-
		-----	-----	-----
	As at 31-12-2007	71,832	67,045	1,400
		=====	=====	=====
	<u>Depreciation</u>			
	As at 1-1-2007	60,548	59,150	1,398
	Charge for the year	1,973	1,973	-
		-----	-----	-----
	As at 31-12-2007	62,521	61,123	1,398
		=====	=====	=====
	<u>Net Book Value</u>			
	As at 31-12-2006	10,925	7,536	2
		=====	=====	=====
	As at 31-12-2007	9,311	5,922	2
		=====	=====	=====

CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	<u>2007</u>	<u>2006</u>
	£	£
8	<u>DEBTORS & PREPAYMENTS</u>	
	Trade Debtors	35,153
	Amount owed by Associated Company	49,558
	Prepayments and accrued income	27,611
	Refund from HM Customs & Excise	43,270
		2,053
		9,269

		99,569
		=====
9	<u>CREDITORS</u> Amounts falling due within one year	
	Bank Overdraft	£ 14,021
	Trade Creditors	2,967
	Other Creditors	191,850
	Taxation and Social Security	181,634
	Accruals	81,395
		3,876
		2,566
		13,135
		15,993

		341,957
		=====
10	<u>CREDITORS</u> Amounts falling due after more than one year	
	Directors' Loan (note 10a)	199,291
		226,071
		=====
10a	The directors have signed a deed of subordinated loan in the sum of £198,000 in favour of the Company	
11	<u>SHARE CAPITAL</u>	
	Authorised Share Capital	
	100,000 Ordinary Shares of £1 each	£ 100,000
		100,000
		=====
	Issued Share Capital	
	40,000 Ordinary Shares of £1 each	40,000
		40,000
		=====
12	<u>STATEMENT OF MOVEMENT ON PROFIT & LOSS ACCOUNT</u>	
	Balance at 01/01/2007	(201,464)
	Retained Profit / (Loss) for the year	(28,553)

	Balance at 31/12/2007	(230,017)
		=====
13	<u>SHAREHOLDERS' FUNDS</u>	
	Reconciliation of Movements on Shareholders' Funds	
	Loss For The Financial Year After Taxation	(28,553)
	Dividends	(24,059)

	Net Deduction to Shareholders' Funds	(28,553)
	Opening Shareholders' Funds	(24,059)
		(161,464)
		(137,405)

	Closing Shareholders' Funds	(190,017)
		(161,464)
		=====

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CHINA TRAVEL SERVICE & INFORMATION CENTRE LIMITED**

We have audited the financial statements of China Travel Services & Information Centre Limited for the year ended 31 December 2007 which are set out on pages 3 to 7. These financial statements have been prepared under the historical cost convention and the accounting policies set out on note (1) to the accounts.

This auditor's 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 any responsibility to anyone other than the company and the company's member as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 2 in the statement of the Director's Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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 opinion

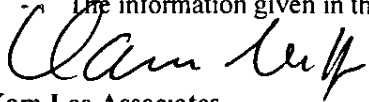
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 applicable to Smaller Entities, of the company's affairs as at 31 December 2007 and of its Loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- The information given in the directors' report is consistent with the financial statements.


**Kam Lee Associates
Chartered Certified Accountants & Registered Auditors**

**66 Shaftesbury Avenue
London W1D 6LX**

Date

27 June 2008