

CROWN BLUE LINE LIMITED

Directors' report and financial statements
for the year ended 30 September 2008

Company number 946385

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CROWN BLUE LINE LIMITED

Report of the Directors for the year ended 30 September 2008

The Directors present their report and financial statements of Crown Blue Line Limited ("the Company") for the year ended 30 September 2008.

Principal activity

The principal activity of the Company is the hire of boats. The Company operates this activity through branches located in France, the Netherlands, Italy and the United Kingdom.

Business review

The loss on ordinary activities before taxation for the year ended 30 September 2008 amounted to £4,793,879 (11-month period ended 30 September 2007: loss £2,123,615). The loss after taxation was £3,537,562 (2007: loss £1,533,361). The Directors do not recommend the payment of a final dividend (2007: £Nil).

Following a review of the business during the year, the decision was taken to restructure the operations of the Company. This resulted in a boat impairment charge and a related restructuring provision being recorded to reflect the changes to the business strategy. The total cost of this restructuring was £2,018,872 (Note 4).

During the year the Company experienced an increase in bookings for the French holiday destinations following investment in the Crown Blue Line brand which resulted in a greater awareness of our products. Investment in the brand continues and the Company is developing enhanced e-commerce techniques in response to a noticeable switch away from traditional tour operators to direct and web-related bookings.

The Company's success in 2008 was driven by competitive pricing, expansion into new sales markets and a restructuring of the sales and marketing team. With the help of careful capacity management and control of overheads, the ongoing strategy is to increase revenue by market growth and yield improvement. The Directors believe that the Company is well equipped to face the fast-changing and challenging environment of 2009 and beyond.

The Directors manage the risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the TUI Travel PLC group of Companies ("the Group"). The Directors review the Company's risks and uncertainties in the context of the whole Group. The Directors believe that this review process is appropriate given that the Company's operations are managed in co-ordination with those of the TUI Travel PLC Activity Sector. The principal risks and uncertainties which are common to the group and the Company 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 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

The Company is 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.

CROWN BLUE LINE LIMITED

Report of the Directors for the year ended 30 September 2008 (continued)

Financial risk

The treasury function is centrally managed by the TUI Travel Group and supports the operating activities of the Company. The Directors, in conjunction with the TUI Travel Group, identify, monitor and manage the financial risks of the business (including currency and liquidity risks).

As the Directors manage the Company in co-ordination with the management of the TUI Travel Activity Sector, they take the view that analysis using key performance indicators ("KPIs") for the Company on a stand-alone basis is not necessary or appropriate for an understanding of the development, performance and positioning of its businesses. The KPIs which relate to both the Company and TUI Travel are:

- Increasing control of the distribution of our tour operating products.
- Expansion of online sales to assist the drive to becoming a primarily direct-sale business.

Funding and liquidity

The Directors have considered the funding and liquidity position of the Company and of its intermediate parent company, TUI Travel PLC. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Directors and their interests

The Directors of the Company at the date of this report are:

A L John	(appointed 1 August 2008)
D Mee	
C F Powell	(appointed 13 January 2009)
J Wimbledon	

Other Directors who served during the year were:

K M Cronin	(resigned 27 February 2009)
M R Prior	(resigned 1 August 2008)

Policy and practice on payments of suppliers

It is the Company's policy wherever possible to agree terms of payment with suppliers in advance to ensure that suppliers are made aware of the terms of payment and both parties abide by those terms.

Directors' insurance

The intermediate parent company TUI Travel PLC maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company.

Statement as to 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.

CROWN BLUE LINE LIMITED

Report of the Directors for the year ended 30 September 2008 (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



D Mee
Director

Dated : 24 September 2009

CROWN BLUE LINE LIMITED

Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements for the year ended 30 September 2008

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 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; and
- 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CROWN BLUE LINE LIMITED

Independent auditors' report to the members of CROWN BLUE LINE LIMITED

We have audited the financial statements of Crown Blue Line Limited for the period ended 30 September 2008 which comprise of the profit and loss account, the balance sheet, the statement of total recognised gains and losses 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 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 4.

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 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 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 Company's affairs as at 30 September 2008 and of its loss for the period 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
8 Salisbury Square, London, EC4Y 8BB

28th September 2009

CROWN BLUE LINE LIMITED**Profit and loss account for the year ended 30 September 2008**

	Note	Year ending 30 September 2008 £	11-month period ended 30 September 2007 £
	2		
Turnover		<u>10,741,202</u>	<u>8,360,258</u>
Cost of sales – on-going		(6,395,924)	(4,752,945)
Exceptional: restructuring charge		(2,018,872)	(965,826)
Cost of sales		<u>(8,414,796)</u>	<u>(5,718,771)</u>
Gross profit		2,326,406	2,641,487
Administrative expenses		(5,462,472)	(3,701,903)
Operating loss		(3,136,066)	(1,060,416)
Profit on disposal of fixed assets	8	64,590	50,900
Loss before interest and taxation		(3,071,476)	(1,009,516)
Interest receivable and similar income	5	-	508,341
Interest payable and similar charges	6	(1,722,403)	(1,622,440)
Loss on ordinary activities before taxation	4	(4,793,879)	(2,123,615)
Tax on profit on ordinary activities	7	1,256,317	590,254
Loss for the financial year / period	16	<u>(3,537,562)</u>	<u>(1,533,361)</u>

A note on historical cost profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The results stated above are all derived from continuing operations. There are no recognised gains or losses in either period other than as shown above and no statement of total recognised gains and losses has been produced.

The notes on pages 9 to 19 form part of these financial statements.

CROWN BLUE LINE LIMITED

Balance sheet at 30 September 2008

	Note	30 September 2008 £	30 September 2007 £
Fixed assets			
Tangible assets	8	14,906,519	16,745,975
Current assets			
Stocks	9	441,415	384,385
Debtors	10	45,101,979	47,028,654
Cash at bank and in hand		14,696,280	973,036
		60,239,674	48,386,075
Creditors: amounts falling due within one year	11	(76,639,265)	(61,194,249)
Net current liabilities		(16,399,591)	(12,808,174)
Total assets less current liabilities		(1,493,072)	3,937,801
Creditors: amounts falling due after more than one year	12	(278,171)	(1,044,902)
Provisions for liabilities and charges	14	(2,279,709)	(3,596,411)
Net liabilities		(4,050,952)	(703,512)
Capital and reserves			
Called up share capital	15	576,379	576,379
Share premium account	16	162,665	162,665
Profit and loss account	16	(4,789,996)	(1,442,556)
Deficit in equity shareholders' funds	17	(4,050,952)	(703,512)

The notes on pages 9 to 19 form part of these financial statements.

The financial statements were approved by the Board on 24 September 2009 and signed on their behalf by


D Mee
Director

CROWN BLUE LINE LIMITED**Statement of total recognised gains and losses for the year ended 30 September 2008**

	Year ending 30 September 2008 £	11-month period ended 30 September 2007 £
Loss for the financial year / period	(3,537,562)	(1,533,361)
Currency translation differences on foreign currency net investments	190,122	(5,540)
	<hr/>	<hr/>
Total recognised losses relating to the year / period	(3,347,440)	(1,538,901)
	<hr/>	<hr/>

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payments.

Marketing and Other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expenses as incurred.

Group support

At 30 September 2008, the Company had net current liabilities. The financial statements have been prepared on the going concern basis. The intermediate parent company, TUI Travel PLC, has confirmed its intention to provide financial support to the Company as may be required in order that it can continue to trade and meet its liabilities as they fall due for the next 12 months.

Tangible fixed assets

Depreciation is calculated on a straight-line basis to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The useful lives are as follows:

Cruisers	24 years
Short leasehold property	Period of the lease
Plant and Equipment & vehicles	3-10 years

Turnover

Turnover is the total amount, excluding value added tax and agent's commission, receivable by the Company in the ordinary course of business for the provision of holidays and associated services as principals.

Revenue is recognised on the date of departure and the related costs of distribution and of providing the holidays and flights are charged to the profit and loss account on the same basis.

Deferred taxation

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation 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 periods different from their inclusion in the financial statements.

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are recorded at the closing rate for the month in which they take place. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

The financial statements of foreign branches are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in branches at the closing rate are taken directly to reserves.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is invoice price. Net realisable value is based on estimated selling price less estimated selling expenses.

Leasing and hire purchase

Assets under finance leases and hire purchase agreements are capitalised at their fair value on inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated to the profit and loss account over the period of the agreement and are calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rentals paid under operating leases are charged to profit and loss in equal amounts over the lease term.

2. Turnover

Turnover is the amount derived from the sale of goods and services falling within the Company's ordinary activities, excluding value added tax and is recognised in the month of departure. All turnover originated in EU countries and related to the provision of holidays in France.

3. Information regarding Directors and employees

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
Staff costs during the year		
Wages and salaries	3,378,688	2,590,070
Social security costs	1,119,640	863,567
	<hr/>	<hr/>
	4,498,328	3,453,637
	<hr/>	<hr/>

	Number of Employees 30 September 2008	30 September 2007
Average number of persons employed (including Directors)		
Engineers and boatyard	109	102
Management	17	18
Administration	22	28
	<hr/>	<hr/>
	148	148
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CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

4. Loss on ordinary activities before taxation

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation on tangible fixed assets -owned	370,804	303,716
Depreciation on tangible fixed assets -leased	129,028	213,572
Impairment charge in respect of tangible fixed assets	1,334,872	436,223
Profit on disposal of tangible fixed assets (note 8)	(64,590)	(50,900)
Operating leases and equipment hire:		
- Boats, plant and equipment	95,049	726,775
- Other (land & buildings)	216,014	155,844
Restructuring costs	-	529,603
Brokerage Charge	684,000	-
Exchange losses	2,686,725	557,995

Exceptional cost of sales

The Company has decided to accelerate its standard fleet replacement cycle and has set up a boat brokerage programme for this purpose. £2,018,872 of costs have been recognised during the year and this includes £1,334,872 in respect of asset impairments.

Auditors' remuneration

In 2008 and 2007, auditors' remuneration was paid by another Group company. The audit fee relating to the Company was as follows:

	30 September 2008 £	30 September 2007 £
Fees for the audit of the Company	12,000	11,000

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the Company's intermediate parent, TUI Travel PLC.

5. Interest receivable and similar income

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
Interest receivable from Group company	-	508,341

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

6. Interest payable and similar charges

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
On bank loans and overdrafts	50,679	574,031
On finance lease and hire purchase agreements	137,809	120,833
Other interest payable – group companies	1,533,915	927,576
	<u>1,722,403</u>	<u>1,622,440</u>

7. Taxation

The tax charge in the 30 September 2008 accounts can be summarised as follows:

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
(i) Analysis of tax credit in the year		
Current tax:		
UK corporation tax on losses of the year	-	(809,852)
Non UK tax on profits of the year	-	309,904
Adjustment in respect of previous periods		
- Overseas taxation	-	156,207
- UK taxation	744,385	538,825
	<u>744,385</u>	<u>195,084</u>
Total current tax	<u>744,385</u>	<u>195,084</u>
Deferred tax:		
Origination and reversal of timing differences:		
- current year UK	(1,381,031)	(248,926)
- effect of reduction in UK corporation tax rate from 30% to 28%	47,622	(274,667)
- adjustment in respect of previous periods	(667,293)	(261,745)
	<u>(2,000,702)</u>	<u>(785,338)</u>
Total deferred tax	<u>(2,000,702)</u>	<u>(785,338)</u>
Tax (credit)/charge on (loss)/profit ordinary activities	<u>(1,256,317)</u>	<u>(590,254)</u>

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

7. Taxation (continued)**(ii) Factors affecting the current tax charge for year**

The current tax charge (2007: charge) for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 September 2008 £	11-month period ended 30 September 2007 £
Loss on ordinary activities before tax	(4,793,879)	(2,123,615)
Result at standard rate of UK corporation tax of 29% (2007: 30%)	(1,390,225)	(637,085)
Effects of:		
-Expenses not deductible for tax purposes	10,953	5,793
- Permanent adjustment in respect of IBA's	(1,759)	-
-Capital allowances for year in excess of depreciation	504,286	270,783
- Unutilised tax losses carried forward	876,745	-
-Other short term timing differences	-	-
-Adjustment to tax charge in respect of previous periods - overseas	-	156,207
-Overseas tax expensed under TA 1988 s805	-	(449,344)
-Adjustment to tax charge in respect of previous periods - UK	744,385	538,825
-Foreign tax suffered	-	309,904
Current tax charge / (credit) for year / period	744,385	195,084

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. With effect from 1 April 2008, the UK statutory rate of corporation tax reduced to 28%. This has resulted in a blended standard statutory rate of UK tax of 29% in the year ended 30 September 2008 which will reduce to 28% in future years.

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

8. Tangible fixed assets

	Boats	Short leasehold Property	Plant, equipments and vehicles	Total
<i>Cost or valuation</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 October 2007	20,950,468	796,565	745,077	22,492,110
Foreign exchange differences	-	-	244,788	244,788
Additions	3,034	-	45,426	48,460
Disposals	(9,695)	-	(258,487)	(268,182)
At 30 September 2008	20,943,807	796,565	776,804	22,517,176
<i>Accumulated depreciation</i>				
At 1 October 2007	4,880,247	308,032	557,856	5,746,135
Foreign exchange differences	100,460	-	197,540	298,000
Impairment	1,334,872	-	-	1,334,872
Charge for the year	370,523	40,096	89,213	499,832
Disposals	(9,695)	-	(258,487)	(268,182)
At 30 September 2008	6,676,407	348,128	586,122	7,610,657
<i>Net book value</i>				
At 30 September 2008	14,267,400	448,437	190,682	14,906,519
At 30 September 2007	16,070,221	488,533	187,221	16,745,975

The net book value of the Company's boats includes £5,347,838 (2007: £8,136,943) in respect of assets held under finance leases and hire purchase agreements. During the year, the Company disposed of certain boat fixed assets. A profit on disposal of fixed assets of £64,590 (2007: £50,900) was recorded in the year.

9. Stocks

	30 September 2008	30 September 2007
	<i>£</i>	<i>£</i>
Boat spares and consumables	441,415	384,385

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

10. Debtors

	30 September 2008	30 September 2007
	£	£
Trade debtors	473,599	-
Amounts owed by Group undertakings	41,940,833	44,233,821
Group relief receivable from Group undertakings	1,614,980	2,359,365
Other debtors	7,382	321,934
Prepayments and accrued income	1,065,185	113,534
	45,101,979	47,028,654

11. Creditors: amounts falling due within one year

	30 September 2008	30 September 2007
	£	£
Bank overdrafts	9,029,887	11,412,331
Bank loans	458,475	434,302
Obligations under finance leases and hire purchase agreements	308,932	930,223
Trade creditors	1,390,130	203,791
Amounts owed to group undertakings	58,054,250	45,170,146
Other taxation and social security	1,615,364	417,832
Overseas tax payable	-	309,904
Accruals and deferred income	5,782,227	2,315,720
	76,639,265	61,194,249

12. Creditors: amounts falling due after more than one year

	30 September 2008	30 September 2007
	£	£
Bank loans - falling due within 2 – 5 years	278,171	736,753
Obligations under finance leases and hire purchase agreements	-	308,149
	278,171	1,044,902

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

13. Obligations under bank loans, finance leases and hire purchase agreements

	30 September 2008 £	30 September 2007 £
Due within one year	767,407	1,364,525
Due between two and five years	278,171	1,044,902
	1,045,578	2,409,427

Certain obligations are repayable in monthly instalments over the period of the agreements. However the majority has been negotiated so that it is repayable in larger monthly instalments for only six months of every year to mirror the period of the Company's cash inflows. Obligations are secured on the assets to which they relate. Interest on bank loans and finance leases is charged at rates between 5% and 11 % per annum.

14. Provisions for liabilities and charges

	Deferred taxation £	Restructuring provision £	Total £
At 1 October 2007	3,596,411	-	3,596,411
Charged / (credited) to the profit and loss account in the year	(2,000,702)	648,000	(1,352,702)
At 30 September 2008	1,595,709	648,000	2,279,709

The movement in the deferred taxation account during the year was:

	Year ended 30 September 2008 £	11-month, period ended 30 September 2007 £
Balance brought forward	3,596,411	4,381,749
Profit and loss account movement arising during the year / period	(1,381,031)	(248,926)
Effect of reduction in UK Corporation tax from 30% to 28%	47,622	(274,667)
Adjustment in respect of prior years	(667,293)	(261,745)
Balance carried forward	1,595,709	3,596,411

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

14. Provisions for liabilities and charges (continued)

The balance of the deferred taxation account consists of the tax effect of timing difference in respect of:

	2008 £	2007 £
Accelerated capital allowances	3,136,980	3,596,411
Losses	(1,541,271)	-
	<u>1,595,709</u>	<u>3,596,411</u>

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses as there is insufficient evidence that the asset will be recovered. The amount of the deferred tax asset not recognised is £27,805 (2007: £27,805). The asset would be recovered if there were sufficient chargeable gains in the future against which to offset the losses.

There are no other unprovided deferred taxation liabilities nor unrecognised deferred tax assets at either 30 September 2008 or 30 September 2007.

15. Share capital

	Year ended 30 Sept 08 £	11-month period ended 30 Sept 07 £
<i>Authorised, issued and fully paid share capital</i>		
576,379 Ordinary shares of £1 each	<u>576,379</u>	<u>576,379</u>

16. Reserves

	Foreign exchange reserve £	Retained reserves £	Profit and loss account £	Share premium account £
At 1 October 2007	(1,790,305)	347,749	(1,442,556)	162,665
Loss for the financial year	-	(3,537,562)	(3,537,562)	-
Foreign Exchange translation differences	190,122	-	190,122	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2008	<u>(1,600,183)</u>	<u>(3,189,813)</u>	<u>(4,789,996)</u>	<u>162,665</u>

CROWN BLUE LINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

17. Reconciliation of movements in shareholders' funds

	30 September 2008 £	30 September 2007 £
Opening shareholders' funds as previously reported	(703,512)	835,389
Loss for the financial year	(3,537,562)	(1,533,361)
Foreign Exchange translation differences	190,122	(5,540)
Net decrease in shareholders' funds	(3,347,440)	(1,538,901)
Closing shareholders' funds	(4,050,952)	(703,512)

All shareholders' funds relate to equity interests.

18. Operating lease commitments

As at 30 September 2008 future annual commitments under operating leases were as follows:

	Land and buildings £	Other leases- boats and equipment £	Total £
Expiring within 1 year	2,322	2,707	5,029
Expiring within 2 to 5 years	66,585	47,766	114,351
Expiring after 5 years	38,778	-	38,778
	107,685	50,473	158,158

As at 30 September 2007 future annual commitments under operating leases were as follows:

	Land and buildings £	Other leases - boats and equipment £	Total £
Expiring within 2 to 5 years	46,329	59,231	105,560
Expiring after 5 years	58,461	-	58,461
	104,790	59,231	164,021

The Company also hires boats and other assets under operating leases, the annual charge for which is determined in arrears and is therefore not included within the future commitments above. The total amount of boat rentals charged to the profit and loss account in the year to 30 September 2008 is disclosed in note 4.

19. Ultimate and immediate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hannover (Federal Republic of Germany), which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate parent undertaking is Crown Holidays Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hannover or on the TUI website: www.tui-group.com.