

**Crown Blue Line Limited**  
**Reports of the Directors and financial statements**  
**for the year ended 30 September 2017**  
**Company number 946385**

MONDAY



\*A78VS5EJ\*

A09

25/06/2018

#204

COMPANIES HOUSE

**Crown Blue Line Limited**  
**Reports of the Directors for the year ended 30 September 2017**

---

The Directors present their Strategic and Directors' Reports on the financial statements of Crown Blue Line Limited (the "Company") for the year ended 30 September 2017.

**STRATEGIC REPORT**

The Company's principal activity during the year continued to be that of a provider of inland waterways boating holidays operating this activity through branches located in France and the United Kingdom.

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies, of which the Company is part of, to private equity firm KKR & Co L.P, which became the new ultimate controlling party.

**Review of the business**

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance:

	<b>Year ended 30 September 2017 £</b>	<b>Year ended 30 September 2016 £</b>
Revenue	<b>13,573,389</b>	11,905,257
Profit on ordinary activities before taxation	<b>1,230,971</b>	3,000,193
Net assets	<b>61,027,743</b>	60,496,227

The Company's profit on ordinary activities before taxation for the year ended 30 September 2017 was £1,230,971 (2016: £3,000,193). No dividend was paid during the year (2016: £nil) and the Directors do not recommend the payment of a final dividend.

Compared to the previous year, revenue increased by 14.01% driven mainly by foreign exchange movement on revenue from the French branch. Operating profit decreased by 42.50%, mainly as a result of the increase in administration costs. This was mainly driven by a reduction in foreign exchange losses of £531,241, offset by an increase in French employee profit share of £311,802 and an increase in staff costs of £350,040, exceptional costs of £1,103,088 which comprised mainly of a delayed business interruption claim in France and additional one off employment costs in France.

The business plans to continue growing, assisted by access to a new and improved boat fleet.

**Funding, liquidity and going concern**

The Company has net current assets of £18,182,698 (2016: £17,412,479) and net assets of £61,027,743 (2016: £60,496,227). Cash and cash equivalents have increased £835,288 during the year mainly driven by an increase in deferred income. Trade and other receivables have increased mainly due to an outstanding intercompany balance not settled by a fellow group company. The Directors have considered the funding and liquidity position of the Company. Following this review, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

An impairment of £483,613 in investments was due to a reduction in net assets in the Company's subsidiary.

The Directors consider the future outlook of the Company to be satisfactory.

**Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101")**

The Company adopted FRS 101 for the year ended 30 September 2016 and continues to use this basis of accounting.

## STRATEGIC REPORT (continued)

### **Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")**

The Company adopted FRS 101 for the year ended 30 September 2016 and continues to use this basis of accounting.

### **Principal risks and uncertainties**

The principal risks and uncertainties which are common to the Group and the Company are:

- **Destination disruption risk.** Providers of holiday and travel services are exposed to the inherent risk of domestic and international incidents affecting their operations at those destinations. This can include natural disasters and terrorism. The Company aims to mitigate this risk and limit exposure by having geographically spread destinations.
- **Consumer demand.** Spending on travel and tourism is discretionary and price sensitive. The economic outlook remains uncertain with different destinations at different points in the recovery cycle. Consumers are also waiting longer to book their trips in order to assess their financial situation. If we do not respond successfully to changes in consumer demands and preferences, our short-term growth rates and margins will fall below expectations.
- **Market Risk.** The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. Consumer tastes and preferences have evolved in recent years as well, with more consumers booking their holidays online and via mobiles and tablets, and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption or if our products and services fail to meet changing customer demands and preferences, that our turnover, market share and profitability will suffer as a result.
- **Input cost volatility.** A significant proportion of operating expenses is in non-local currency which therefore exposes the business to changes in both exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates, and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets.
- **Business improvement opportunities.** The Group is heavily reliant on legacy systems, processes and structures which, in some cases, are outdated, complex and inefficient. If we do not address the systems' inefficiencies we may incur higher costs due to inefficiencies and impact our ability to optimise business performance and provide a value added service to our consumers.
- **Legal & regulatory compliance.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, tax and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.
- **Health & Safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays, which the company strives to mitigate. This could result in reputational damage to the Company and/or financial liabilities through legal action being taken by the affected parties. Insurance policies are in place in the event that incidents occur. The company is committed to ensuring the health and safety of all its customers and everyone engaged with its business activities and to providing a safe and suitable environment for all customers.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our increasing dependence on online sales and customer care channels increases our exposure and susceptibility to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

- **Profitability of the Company's subsidiary and dividends received.** Dividends received from the Company's subsidiary are variable and the timing and amount of each dividend is dependent upon the long-term success and profitability of the subsidiary. From time to time some of the Company's profits are generated by dividends received from its subsidiary, and so the Company's profitability from one year to another can therefore vary.
- **Recoverability of the carrying value of investments.** The Company provides capital to its subsidiary undertakings when necessary in order to promote their long-term development and success. The recoverability of each investment will depend upon this long-term success and the future cash flows that are expected to be generated by each subsidiary. To the extent that the future cash flows do not support the carrying value of the investment, an impairment is required to be recognised in the Company's statement of total comprehensive income.

On behalf of the Board



C F Brown  
**Director**

Company Number 946385

Dated 19 June 2018

## **DIRECTORS' REPORT**

### **Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S B M Cross

C F Brown

M R Prior

### **Directors' insurance**

Throughout the financial year until 15 June 2017, TUI AG maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. From 15 June 2017 until the date of approval of these financial statements the ultimate parent company, Travelopia Holdings Limited maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

### **Audit exemption statement**

For the financial period ended 30 September 2017, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the financial period in question in accordance with Section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

### **Business review**

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Report of the Directors 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

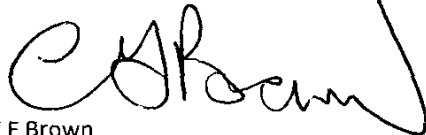
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and 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.

**DIRECTORS' REPORT (continued)**

**Statement of Directors' responsibilities (continued)**

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'C F Brown', with a long, sweeping tail that extends upwards and to the right.

C F Brown  
Director

Company Number 946385

Dated 19 June 2018

**Crown Blue Line Limited**

**Statement of total comprehensive income for the year ended 30 September 2017**

		Year ended 30 September 2017	Year ended 30 September 2016
	Note	£	£
<b>Revenue</b>	6	<b>13,573,389</b>	11,905,257
Cost of sales		<b>(3,920,345)</b>	(3,576,045)
<b>Gross profit</b>		<b>9,653,044</b>	8,329,212
Administrative expenses		<b>(7,930,765)</b>	(5,334,039)
<b>Operating profit</b>		<b>1,722,279</b>	2,995,173
Amounts written off investments		<b>(483,613)</b>	-
Profit on disposal of fixed assets		<b>49</b>	4,257
<b>Profit on ordinary activities before interest and taxation</b>		<b>1,238,715</b>	2,999,430
Finance income	7	<b>181</b>	783
Finance expenses	8	<b>(7,925)</b>	(20)
<b>Profit on ordinary activities before taxation</b>	9	<b>1,230,971</b>	3,000,193
Tax expense	11	<b>(699,454)</b>	(244,798)
<b>Profit for the financial year</b>		<b>531,517</b>	2,755,395
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>531,517</b>	2,755,395

**Crown Blue Line Limited**  
**Balance sheet as at 30 September 2017**

		<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Intangible assets	12	<b>11,283</b>	-
Property, plant and equipment	13	<b>1,523,971</b>	1,181,602
Investments in subsidiaries	14	<b>41,390,512</b>	41,874,125
Trade and other receivables	15	<b>-</b>	28,246
		<b>42,925,766</b>	43,083,973
<b>Current assets</b>			
Inventories	16	<b>505,056</b>	520,575
Trade and other receivables	15	<b>14,473,750</b>	13,212,557
Income tax – group relief recoverable		<b>3,577</b>	484,441
Cash and cash equivalents		<b>6,206,676</b>	5,371,388
		<b>21,189,059</b>	19,588,961
<b>Total assets</b>		<b>64,114,825</b>	62,672,934
<b>Current liabilities</b>			
Trade and other payables	17	<b>(2,908,616)</b>	(2,038,057)
Provisions for liabilities	18	<b>(97,745)</b>	(138,425)
		<b>(3,006,361)</b>	(2,176,482)
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	<b>(80,720)</b>	(225)
		<b>(80,720)</b>	(225)
<b>Total liabilities</b>		<b>(3,087,081)</b>	(2,176,707)
<b>Net assets</b>		<b>61,027,744</b>	60,496,227
<b>Equity</b>			
Called up share capital	21	<b>44,979,379</b>	44,979,379
Share premium account	22	<b>162,665</b>	162,665
Profit and loss account	22	<b>15,885,700</b>	15,354,183
<b>Total equity attributable to owners of the parent</b>		<b>61,027,744</b>	60,496,227

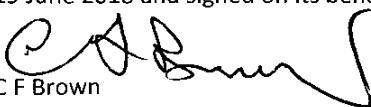
The notes on pages 9 to 20 form part of these financial statements.

**Audit exemption statement**

For the financial period ended 30 September 2017, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the financial period in question in accordance with Section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

**Approval and authorization for issue**

The financial statements on pages 6 to 20 were approved and authorised for issue by the Board of Directors on 19 June 2018 and signed on its behalf by:

  
C F Brown  
Director



Crown Blue Line Limited

Statement of changes in equity for the year ended 30 September 2017

	Called up share capital £	Share premium reserve £	Profit and loss account £	Total equity £
At 1 October 2015	44,979,379	162,665	12,598,788	57,740,832
Total comprehensive income for the year	-	-	2,755,395	2,755,395
At 30 September 2016	44,979,379	162,665	15,354,183	60,496,227
Total comprehensive income for the year	-	-	531,517	531,517
<b>At 30 September 2017</b>	<b>44,979,379</b>	<b>162,665</b>	<b>15,885,700</b>	<b>61,027,744</b>

**1. General information**

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company's registered number is 946385.

The principal activity of the Company continues to be that of a provider of inland waterways boating holidays operating this activity through branches located in France and the United Kingdom.

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies, of which the Company is part of, to private equity firm KKR & Co L.P., which became the new ultimate controlling party.

**2. Basis of preparation**

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These separate financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

**FRS 101**

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company has adopted both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") and FRS 101 (September 2015), which permit the use of the formats prescribed in International Accounting Standard 1 'Presentation of financial statements' ("IAS 1") for the primary statements, as opposed to using the formats prescribed by Companies Act 2006.

**Functional and presentational currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest pound.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the financial years presented.

**New and amended standards adopted by the Company**

The following narrow scope amendments to existing standards have been endorsed by the EU and are effective in the current year. None of these have had an effect on the Company's results or net assets of current or prior periods, but could have an effect on its results or net assets in future periods:

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets on depreciation and amortisation'. These amendments have clarified that the use of revenue-based methods to calculate the depreciation of tangible or intangible assets is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- Amendments to IAS 27 'Separate financial statements' on the equity method of accounting. This amendment restores the option to use the equity method to account for the investment in subsidiaries, joint ventures and associates in an entity's separate financial statements.
- Annual improvements project 2014, covering IFRS 5 'Non-current assets held for sale and discounted operations' regarding disposal; IFRS 7 'Financial instruments: Disclosures' regarding servicing contracts; and IAS 19 'Employees benefits' regarding discount rates.

### 3. Summary of significant accounting policies (continued)

- Amendments to IAS 1 'Presentation of financial statements': Disclosure initiative. The amendments address the application of materiality when presenting the components of financial statements. The standard no longer prescribes a particular order of the notes so that the order of the notes may reflect the individual relevance for the company. The amendments clarify that immaterial disclosures are not required and give guidance on what additional subtotals are acceptable and how they are presented.

#### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation.

Depreciation is charged on a straight-line basis to the residual value over the estimated useful lives of the assets which are as follows:

Boats	15 to 24 years
Short lease property improvements	Over period of lease
Plant, equipment and motor vehicles	3 to 10 years

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **Investments in subsidiaries**

Investments are recognised at cost less accumulated impairment losses.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less estimated selling expenses. Where necessary, provision is made for obsolete, slow-moving or defective goods.

#### **Impairment of non-financial assets**

Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

#### **Trade and other receivables**

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment losses.

#### **Impairment of financial assets**

The Company's financial assets held at amortised cost are assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

#### **Cash and cash equivalents**

Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments

### 3. Summary of significant accounting policies (continued)

#### Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Client monies at the balance sheet date relating to holidays commencing and flights departing after the year end is included in trade and other payables. If the date of departure is in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities.

#### Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. The increase in the provision due to passage of time is recognised as a financial expense. If provisions is expected to be utilised in one year or less, they are classified as current liabilities, if not, they are presented as non-current liabilities.

#### Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

#### Revenue

The Company has one class of business acting as a provider of inland waterways boating holidays. Revenue originates solely from agents' commission, receivable by the Company in the ordinary course of business for the provision of holidays and associated services as principal. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and value added tax. The Company recognises revenue on the date of departure of the holiday and the related costs of distribution and of providing the holidays are charged to the statement of total comprehensive income on the same basis.

#### Marketing and other direct sales costs

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

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

#### Finance income and finance expense

Finance income recognised in the statement of total comprehensive income mainly comprises interest receivable on trading balances due from Group undertakings. Finance expense recognised in the statement of total comprehensive income mainly comprises interest expense on trading balances due to Group undertakings.

#### Current and deferred tax

The tax expense for the year comprises current and deferred tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the year. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

### 3. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

#### Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

#### Called up share capital

Ordinary shares are classified as equity.

### 4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of Tim Intermediateco Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Intermediateco Limited. Details for obtaining the Group financial statements of Tim Intermediateco Limited can be found in Note 23. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1.
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	10(f) and 40 A to D	A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly owned subsidiaries of the Group.

**5. Critical accounting estimates and judgements**

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the carrying value of assets, liabilities and total comprehensive income for the year are disclosed as follows:

**a) Investments in subsidiary undertakings**

Judgement is required in the assessment of the carrying amount of the investments in the Company's direct undertakings. Estimation of the recoverable amount of investments requires the Company to assess future cash flows projected to be generated by the subsidiary, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for that entity's products.

**6. Revenue**

Analysis of revenue by geography:

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
United Kingdom and Ireland	1,930,583	1,762,892
Rest of Europe	9,068,161	8,153,001
Rest of the World	2,574,645	1,989,364
	<b>13,573,389</b>	<b>11,905,257</b>

**7. Finance income**

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Interest income	181	783
Total finance income	<b>181</b>	<b>783</b>

**8. Finance expense**

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Interest expense	7,925	20
Total finance expense	<b>7,925</b>	<b>20</b>

9. Profit on ordinary activities before taxation

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on property, plant and equipment (Note 13)	279,990	214,807
Provisions for liabilities (Note 18)	66,000	35,849
Operating lease charges – land and buildings	334,350	341,049
Operating lease charges – plant and machinery equipment	75,736	73,451
Amounts written off investments	483,613	-
Exceptional charge	1,103,088	-
Foreign exchange gains	(261,142)	(792,383)

**Auditors' remuneration**

The Company is exempt from an audit in the current financial year. The auditors' remuneration for the financial year ended 30 September 2016 was £29,000.

Exceptional costs of £1,103,088 which comprised mainly of a delayed business interruption claim in France and additional one off employment costs in France.

10. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Wages and salaries	4,121,362	3,737,257
Social security costs	1,458,577	1,254,346
Other pension costs	2,133	1,454
	<b>5,582,072</b>	<b>4,993,057</b>

The pension costs relating to the Scheme, and charged to the statement of total comprehensive income, amounted to £2,133 (2016: £1,454). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The average number of persons (including Directors) employed by the Company during the year was:

	Year ended 30 September 2017 Number	Year ended 30 September 2016 Number
Administration	38	34
Engineers and boatyard	127	128
Management	23	23
	<b>188</b>	<b>185</b>

**Directors' remuneration**

The Directors received no remuneration for their services as Directors of the Company (2016: £nil). The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which makes no recharge to the Company (2016: £nil). It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

# 11. Tax expense

The tax expense can be summarised as follows:

## (i) Analysis of tax expense in the year

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Current tax:		
Current tax on profits for the year	-	157
Foreign tax suffered	618,959	245,137
<b>Total current tax</b>	<b>618,959</b>	<b>245,294</b>
Deferred tax:		
Origination and reversal of temporary differences:		
- current year	201	(471)
- adjustment in respect of previous periods	80,310	-
- effect of change in tax rate	(16)	(25)
<b>Total deferred tax (Note 19)</b>	<b>80,495</b>	<b>(496)</b>
<b>Total tax expense in the statement of total comprehensive income</b>	<b>699,454</b>	<b>244,798</b>

## (ii) Factors affecting the tax expense in the year

The tax expense (2016: expense) for the year ended 30 September 2017 is different to (2016: different to) the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%). The differences are shown in the table below:

	Year ended 30 September 2017 £	Year ended 30 September 2016 £
<b>Profit on ordinary activities before taxation</b>	<b>1,230,971</b>	<b>3,000,193</b>
Profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.5% (2016: 20.0%)	240,022	600,039
Effects of:		
- Expenses not deductible for tax purposes	94,298	201
- Adjustment to tax charge in respect of previous periods	80,310	-
- Foreign tax suffered	618,959	245,137
- Tax rate changes	(16)	(25)
- Amounts not recognised	(137,353)	(155,246)
- Other differences	9,476	(7,602)
- Foreign branch exemption	(206,242)	(437,706)
<b>Total tax expense in the statement of total comprehensive income</b>	<b>699,454</b>	<b>244,798</b>

## (iii) Factors affecting the future tax charge

The UK rate of taxation is expected to follow the standard rate of UK corporate tax in future periods.

The main UK corporation tax rate will reduce to 17% from 1 April 2020. At 30 September 2017, deferred tax assets and liabilities have been calculated based on the current UK corporation tax rate of 19%, or 17% where the temporary difference is expected to reverse after 1 April 2020. This reduction is also expected to reduce the Company's future current tax accordingly.

Deferred tax assets have not been recognised in respect of capital and trading losses as there is insufficient evidence that the assets will be recovered. Further details can be seen in Note 19.



## 12. Intangible assets

	Computer software £	Total £
<b>Cost:</b>		
At 1 October 2016	-	-
Transfer of asset group	77,985	77,985
Disposals	(60,907)	(60,907)
<b>At 30 September 2017</b>	<b>17,078</b>	<b>17,078</b>
<b>Accumulated depreciation:</b>		
At 1 October 2016	-	-
Transfer of asset group	64,995	64,995
Disposals	(60,907)	(60,907)
Charge for the year	1,707	1,707
<b>At 30 September 2017</b>	<b>5,795</b>	<b>5,795</b>
<b>Net book value:</b>		
<b>At 30 September 2017</b>	<b>11,283</b>	<b>11,283</b>
At 30 September 2016	-	-

## 13. Property, plant and equipment

	Boats £	Plant, equipment and motor vehicles £	Short leasehold property improvements £	Total £
<b>Cost:</b>				
At 1 October 2016	531,600	2,455,184	1,026,673	4,013,457
Exchange adjustment	21,189	96,498	38,667	156,354
Additions	-	569,420	20,062	589,482
Disposals	-	(747,169)	(1,511)	(748,680)
Transfer	-	44,776	(44,776)	-
Transfer of asset group	-	(77,985)	-	(77,985)
<b>At 30 September 2017</b>	<b>552,789</b>	<b>2,340,724</b>	<b>1,039,115</b>	<b>3,932,628</b>
<b>Accumulated depreciation:</b>				
At 1 October 2016	531,600	1,573,245	727,010	2,831,855
Exchange adjustment	21,189	57,924	30,351	109,464
Disposals	-	(747,085)	(573)	(747,658)
Charge for the year	-	242,734	37,257	279,991
Transfer of asset group	-	(64,995)	-	(64,995)
<b>At 30 September 2017</b>	<b>552,789</b>	<b>1,061,823</b>	<b>794,045</b>	<b>2,408,657</b>
<b>Net book value:</b>				
<b>At 30 September 2017</b>	<b>-</b>	<b>1,278,900</b>	<b>245,070</b>	<b>1,523,971</b>
At 30 September 2016	-	881,939	299,663	1,181,602

**Crown Blue Line Limited**  
**Notes to the financial statements for the year ended 30 September 2017**

**14. Investments in subsidiaries**

**Investment in  
subsidiaries  
£**

**Cost:**

At 30 September 2017

41,874,125

**Accumulated impairment:**

At 1 October 2016

-

Impairment

(483,613)

**At 30 September 2017**

**(483,613)**

**Net book value:**

**At 30 September 2017**

**41,390,512**

At 30 September 2016

41,874,125

The Company's impairment of £483,613 was due to a decrease in the net assets of this subsidiary.

**List of investments in subsidiaries at 30 September 2017:**

Name of undertaking	Country of incorporation	Registered address	Share class	% held by directly by the Company	Total % held by Group Companies
Porter and Haylett Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD	£1.00 Ordinary shares	100	100

The Directors believe that the book value of all existing investments is supported by the higher of underlying net assets or their recoverable value.

**15. Trade and other receivables**

	30 September 2017		30 September 2016	
	Non-current	Current	Non-current	Current
	£	£	£	£
Amounts due from Group undertakings	-	<b>14,104,908</b>	-	12,449,523
Other receivables	-	<b>42,024</b>	-	120,777
Prepayments and accrued income	-	<b>326,818</b>	28,246	642,257
	<u>-</u>	<u><b>14,473,750</b></u>	<u>28,246</u>	<u>13,212,557</u>

**Amounts due from Group undertakings**

Amounts due from Group undertakings are unsecured, bear no interest and are repayable on demand.

**16. Inventories**

	30 September 2017	30 September 2016
	£	£
Boat spares and consumables	<u><b>505,056</b></u>	<u>520,575</u>

Inventories are stated after provisions for impairment of £nil (2016:£nil).

**17. Trade and other payables**

	30 September 2017	30 September 2016
	£	£
Trade payables	325,057	234,597
Amounts due to Group undertakings	489,237	599,136
Other payables	635,325	590,276
Accruals and deferred income	1,148,939	614,048
Taxation and social security	178,131	-
Overseas tax payable	131,927	-
	<u>2,908,616</u>	<u>2,038,057</u>

**Amounts due to Group undertakings**

Amounts due to Group undertakings are unsecured, bear no interest and are repayable on demand.

**18. Provisions for liabilities**

Analysis of the movements during the year:

	Restructuring £
At 1 October 2016	138,425
Provided during the year	66,000
Utilised during the year	(106,680)
<b>At 30 September 2017</b>	<u><b>97,745</b></u>

	30 September 2017	30 September 2016
	£	£
<i>Analysed as:</i>		
- Current	97,745	138,425
	<u>97,745</u>	<u>138,425</u>

**Restructuring**

The provision relates to employee related cases and the costs associated with restructures in some of the French bases.

**19. Deferred tax assets and liabilities**

	30 September 2017	30 September 2016
	£	£
<b>Deferred tax liabilities</b>		
Accelerated capital allowances	<u>80,720</u>	<u>225</u>

Movements in deferred taxation during the current year are analysed as follows:

	Accelerated capital allowances £
At 1 October 2015	721
Credited to the statement of total comprehensive income	(496)
At 30 September 2016	<u>225</u>
Charged to the statement of total comprehensive income	<u>80,495</u>
<b>At 30 September 2017</b>	<u><b>80,720</b></u>

Accelerated capital allowances principally relate to timing differences in respect of property, plant and equipment.

## 19. Deferred tax assets and liabilities (continued)

### Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets as follows:

	30 September 2017		30 September 2016	
	Loss	Deferred tax asset	Loss	Deferred tax asset
	£	£	£	£
Trading losses	567,238	102,103	1,427,895	257,021
Capital losses	99,305	17,875	99,305	17,875
	<u>666,543</u>	<u>119,978</u>	<u>1,527,200</u>	<u>274,896</u>

The assets will be recovered if there are sufficient trading and chargeable gains in the future against which to offset the losses.

There are no other unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2017 or 30 September 2016.

## 20. Operating lease commitments

The Company's total obligations under non-cancellable operating lease contracts are payable as follows:

	30 September 2017	30 September 2016
	£	£
<b>Land and buildings</b>		
No later than one year	334,350	341,049
Later than one year and no later than five years	429,694	464,654
Later than five years	299,761	378,921
	<u>1,063,805</u>	<u>1,184,624</u>
<b>Equipment</b>		
No later than one year	75,736	73,451
Later than one year and no later than five years	152,745	141,822
	<u>228,481</u>	<u>215,273</u>

## 21. Called up share capital

	30 September 2017	30 September 2016
	£	£
<b>Issued and fully paid</b>		
44,979,379 (2016: 44,979,379) ordinary shares of £1.00 each	<u>44,979,379</u>	<u>44,979,379</u>

## 22. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

**23. Ultimate parent company and controlling party**

At 30 September 2016, the Company was controlled by TUI AG, a company registered in Berlin and Hanover (Federal Republic of Germany), which was the ultimate parent company and controlling party. From 15 June 2017, the ultimate controlling party of the Company is KKR & Co Inc, (formerly KKR & Co L.P) on behalf of funds under its management. The immediate parent company is Mont Charvin Sarl.

The smallest and largest group in which the results of the Company are consolidated is that headed by Tim Intermediateco Limited. Copies of the Tim Intermediateco Limited financial statements are available from the Company Secretary, Travelopia Holdings Limited, Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. No other financial statements include the results of the Company.