

**CROWN HOLIDAYS LIMITED**

Report and Financial Statements

Year Ended

31 October 2004

Company Registration No 1734244



# **CROWN HOLIDAYS LIMITED**

## **Annual report and financial statements for the year ended 31 October 2004**

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Directors and Company information

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## **CROWN HOLIDAYS LIMITED**

### **Report of the directors for the year ended 31 October 2004**

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The directors present their annual report together with the audited financial statements for the year ended 31 October 2004.

#### **Principal activities**

The principal activities are those of a holding Company, and the hiring of cabin cruisers to its subsidiary companies.

#### **Results and dividends**

The loss on ordinary activities before taxation for the year ended 31 October 2004 amounted to £425,000 (2003 loss: £256,000). The directors do not recommend the payment of a dividend (2003: £nil).

#### **Directors and their interests**

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

N J Jenkins (appointed 25 May 2004)  
H D Thomas (appointed 4 February 2004)

Other directors who served in the year were;

C R C Gordon (resigned 30 April 2004)  
R J H Green (resigned 7 April 2004)  
A G D Howard (appointed 4 February 2004)  
(resigned 18 April 2005)

None of the directors had any beneficial interest in the shares of the Company at any time during the year. As at 31 October 2004, the interests of the Directors in the ordinary share capital of the ultimate parent Company, First Choice Holidays PLC, were as follows:

	Ordinary Shares		Options	
	31 October 2004	31 October 2003	Granted	Exercised
<b>Ordinary Shares</b>				
A G D Howard	*80,414	*79,853	33,149	-
N J Jenkins	2,547,596	**2,597,596	418,598	47,942
H D Thomas	47,788	**41,040	32,376	91,110

\* Includes shares held in the Share Incentive plan

\*\* At the time of appointment

#### **Director's insurance**

The ultimate parent company maintains insurance policies on behalf of all the Directors of the Company against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

#### **Policy and practice on payment of suppliers**

It is the Company's policy whenever 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. At the year end the Company's average creditors payment days was 366 (2003 : 313).

## **CROWN HOLIDAYS LIMITED**

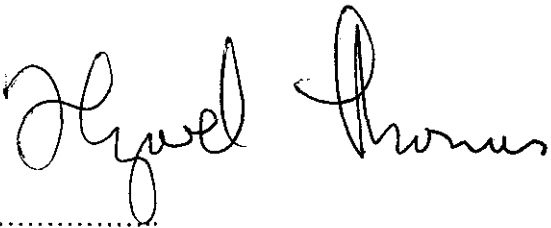
### **Report of the directors for the year ended 31 October 2004**

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#### **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**

A handwritten signature in black ink, appearing to read 'H D Thomas', written in a cursive style.

.....  
**H D Thomas**

**Director**

**Dated 17<sup>th</sup> August 2005**

## **CROWN HOLIDAYS LIMITED**

### **Statement of directors' responsibilities**

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#### **Directors' responsibilities**

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 or loss of the Company 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 departure 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 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.

## **CROWN HOLIDAYS LIMITED**

### **Report of the independent auditors**

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#### **Report of the independent auditors to the members of Crown Holidays Limited.**

We have audited the financial statements on pages 5 to 16.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### *Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 October 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**

**KPMG Audit Plc**

Chartered Accountants

Registered Auditor

Dated : 22/8/05

# CROWN HOLIDAYS LIMITED

## Profit and loss account for the year ended 31 October 2004

	Note	2004 £'000	2003 £'000
Turnover		91	120
Administration expenses		(102)	(175)
<b>Operating loss</b>		<b>(11)</b>	<b>(55)</b>
Other interest receivable and similar income	4	-	138
Interest payable and similar charges	5	(414)	(339)
<b>Loss on ordinary activities before taxation</b>	3	<b>(425)</b>	<b>(256)</b>
Tax credit on loss from ordinary activities	6	142	104
<b>Retained loss for the financial year</b>	14	<b>(283)</b>	<b>(152)</b>

The results stated above are all derived from continuing operations.

There are no recognised gains and losses other than those included in the profit and loss account.

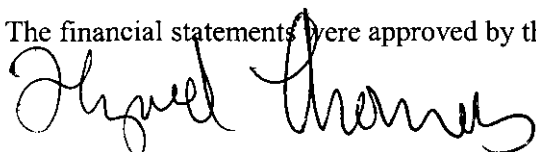
The notes on page 7 to 16 form part of these financial statements.

**CROWN HOLIDAYS LIMITED****Balance sheet at 31 October 2004**

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	7	1,053	1,174
Investments	8	3,422	4,375
		<hr/>	<hr/>
		4,475	5,549
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	9	17,090	21,074
Cash at bank and in hand		32	303
		<hr/>	<hr/>
		17,122	21,377
<b>Creditors: amounts falling due within one year</b>	10	(10,892)	(15,924)
		<hr/>	<hr/>
<b>Net current assets</b>		6,230	5,453
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		10,705	11,002
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	11	-	(14)
		<hr/>	<hr/>
<b>Net assets</b>		10,705	10,988
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	11,630	11,630
Share premium account	14	399	399
Capital redemption reserve	14	864	864
Profit and loss	14	(2,188)	(1,905)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	14	10,705	10,988
		<hr/>	<hr/>

The notes on pages 7 to 16 form part of the financial statements.

The financial statements were approved by the Board and signed on their behalf by:



**H D Thomas**

**Director**

**Dated 17th August 2005**



## CROWN HOLIDAYS LIMITED

### Notes forming part of the financial statements for the year ended 31 October 2004

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#### 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.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

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.

The Company is loss making in the current and prior year. The ultimate holding undertaking, First Choice Holidays PLC, has undertaken, if required, to make sufficient funds available to enable the company to continue its operations and meet its liabilities as and when they fall due, for a period of at least twelve months from the date of these financial statements and thereafter for the foreseeable future.

##### *Tangible fixed assets*

Tangible fixed assets are recorded at cost less depreciation and provision for impairment.

Depreciation is provided at rates sufficient to write down the cost or valuation of the assets to their estimate residual value by equal annual instalments over their expected useful lives as follows:

Boats	24 years
Plant and equipment and vehicles	3 - 10 years

##### *Investments*

Investments in subsidiary companies in the balance sheet of the parent Company are stated at cost less provision for diminution in value.

## CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

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### 1. Accounting policies (*continued*)

#### *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 periods different from their inclusion in the financial statements.

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that they will be recovered.

#### *Leasing and hire purchase*

Assets arising under finance leases and hire purchase contracts are capitalised and a corresponding liability recorded in creditors representing the present value of minimum lease payments.

Payments are treated as consisting of capital and interest elements with the interest being charged to the profit and loss account in proportion to the outstanding obligations.

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

#### *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.

#### *Pension commitments*

The Company operates a defined contribution pension scheme for certain UK employees of the group. The assets of the scheme are held separately from those of the parent company in an independently administered fund. The pension cost represents contributions payable by the company to the fund during the year.

#### *Turnover*

Turnover relates to hire of boats to fellow group companies and is recognised in the month of hire.

# CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (Continued)

## 2. Information regarding directors and employees

	2004 £'000	2003 £'000
<b>Staff costs during the year in respect of these persons</b>		
Wages and salaries	18	79
Social security costs	2	5
Pension contributions	-	1
Compensation for loss of office	-	26
	<u>20</u>	<u>111</u>

Staff costs exclude amount paid to group undertakings in respect of directors (below).

	Number 2004	Number 2003
<b>Average number of persons employed</b>		
Management	1	3
Administration	-	1
	<u>1</u>	<u>4</u>

	2004 £'000	2003 £'000
<b>Directors' remuneration</b>		
Emoluments	-	43
Compensation for loss of office	-	26
	<u>-</u>	<u>69</u>

In the current year directors' remuneration was borne by a fellow group company.

In the prior year the highest paid director received emoluments of £68,981.

Included under directors' remuneration in the prior year is £68,981 of fees paid to fellow group undertakings in respect of Directors' services.

## CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

### 3. Loss on ordinary activities before taxation

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets – owned	25	9
– leased	27	48
Profit on disposal of tangible fixed assets	8	(25)
	<u>          </u>	<u>          </u>

The audit fee was borne by another group company in 2004 and 2003.

### 4. Other interest receivable and similar income

	2004 £'000	2003 £'000
Exchange gains	-	138
	<u>          </u>	<u>          </u>

### 5. Interest payable and similar charges

	2004 £'000	2003 £'000
On finance lease and hire purchase obligations	7	27
On loans from group undertakings	366	312
Exchange losses	41	-
	<u>414</u>	<u>339</u>

### 6. Taxation

	2004 £'000	2003 £'000
<b>Tax on loss on ordinary activities:</b>		
<b>(i) Analysis of credit in year</b>		
Current taxation:		
UK corporation tax on losses in the year	(127)	(88)
Adjustment in respect of prior year	(15)	(16)
Total current tax	<u>(142)</u>	<u>(104)</u>
Deferred taxation:		
Origination of timing differences	(11)	3
Adjustment in respect of prior years	11	(3)
Tax credit on loss on ordinary activities	<u>(142)</u>	<u>(104)</u>

## CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

### 6. Taxation (*continued*)

#### (ii) Factors affecting tax credit for year:

The tax credit (2003: credit) for the year is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Loss on ordinary activities before tax	(425)	(256)
Loss on ordinary activities at the standard rate of UK corporation tax of 30% (2003: 30%)	(128)	(77)
Effects of:		
- Expenses not chargeable for tax purposes	(10)	(8)
- Capital allowances for year lower than/ (in excess of) depreciation	11	(3)
- Adjustment to tax charge in respect of previous periods	(15)	(16)
Current tax credit for the year	(142)	(104)

#### (iii) Deferred taxation

At the year end, deferred taxation (liabilities) and assets comprised:

	2004 £'000	2003 £'000
Accelerated capital allowances	(149)	(160)
Losses – recognised	149	160
Net deferred taxation recognised at 31 October	-	-
Losses – unrecognised	491	479
	491	479

A deferred tax asset of £491,000 (2003: £479,000) has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered. The asset would be recovered if there were sufficient future taxable profits against which to offset the losses.

#### (iv) Factors affecting the future tax charge

The future tax charge will be impacted by the extent to which the company is in a position to use and recognise the tax losses it has available.

# CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

## 7. Tangible fixed assets

	Boats	Plant, equipment and vehicles	Total
	£'000	£'000	£'000
<i>At cost or valuation</i>			
At 1 November 2003	1,479	206	1,685
Disposals	(116)	(74)	(190)
	<hr/>	<hr/>	<hr/>
<b>At 31 October 2004</b>	<b>1,363</b>	<b>132</b>	<b>1,495</b>
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 November 2003	348	163	511
Charge for the year	27	25	52
Disposals	(48)	(73)	(121)
	<hr/>	<hr/>	<hr/>
<b>At 31 October 2004</b>	<b>327</b>	<b>115</b>	<b>442</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 31 October 2004</b>	<b>1,036</b>	<b>17</b>	<b>1,053</b>
	<hr/>	<hr/>	<hr/>
At 31 October 2003	1,131	43	1,174
	<hr/>	<hr/>	<hr/>

The net book value of the Company's boats includes £580,433 (2003: £594,469) in respect of assets held under finance leases and hire purchase agreements.

The net book value of the Company's other assets includes £nil (2003: £15,752) in respect of assets held under finance leases and hire purchase agreements.

## CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

### 8. Investments held as fixed assets

	£'000
<i>Cost or Valuation</i>	
At 1 November 2003	9,410
Disposals	(3,395)
	<hr/>
<b>At 31 October 2004</b>	<b>6,015</b>
	<hr/>
<i>Provisions</i>	5,035
At 1 November 2003	(2,442)
Disposals	
	<hr/>
<b>At 31 October 2004</b>	<b>2,593</b>
	<hr/>
<i>Net book value</i>	<b>3,422</b>
<b>At 31 October 2004</b>	<hr/> <hr/>
At 1 November 2003	4,375
	<hr/>

During the year Crown Holidays Limited disposed of three investment companies at net book value. No profit or loss arose on disposal. The investments were held in Blue Line, Loire Line and Camargue Cruisers.

The Company's principal wholly-owned subsidiaries, all of which have ordinary share capital, are set out below

	% of voting shares held	Country of incorporation	Nature of business
Crown Blue Line Limited	100	England	Boat Hire
Crown Cruisers Limited	100	England	Boat Building
Crown Blue Line (France) S.A.	100	France	Boat Hire
Crown Travel Limited	100	England	Boat Hire
Crown Blue Line Inc	100	USA	Boat Hire
Crown Blue Line GmbH	100	Germany	Boat Hire
Sunshine Boats Limited	100	England	Boat Hire
Continental Boating Holidays	100	Ireland	Boat Hire

The principal activities of Crown Blue Line Limited are operated through branches located in France, Holland, United Kingdom and Italy.

# CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (Continued)

## 9. Debtors

	2004 £'000	2003 £'000
Amounts owed by group undertakings	16,652	20,970
Group relief receivable from group undertakings	438	104
	<u>17,090</u>	<u>21,074</u>

## 10. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Obligations under finance leases and hire purchase agreements (note 12)	14	84
Trade creditors	133	196
Amounts owed to group undertakings	3,647	2,317
Amounts owed to parent undertakings	6,880	12,988
Other taxation and social security	26	7
Accruals and deferred income	192	332
	<u>10,892</u>	<u>15,924</u>

## 11. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Obligations under finance leases and hire purchase agreements (note 12)	-	14

## 12. Obligations under finance leases and hire purchase agreements

	2004 £'000	2003 £'000
Due within one year	14	84
Due within two to five years	-	14
	<u>14</u>	<u>98</u>



## CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)

### 13. Called up share capital

	2004		2003	
	Number	£'000	Number	£'000
<i>Authorised</i>				
Ordinary shares of 50p each	23,260,913	11,630	23,260,913	11,630
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 50p each	23,260,913	11,630	23,260,913	11,630

### 14. Reconciliation of movements in equity shareholders' funds

	Share capital	Share premium account	Capital redemption reserve	Profit and loss	2004 Total	2003 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 November 2003	11,630	399	864	(1,905)	10,988	11,140
Loss for the financial year	-	-	-	(283)	(283)	(152)
<b>At 31 October 2004</b>	<b>11,630</b>	<b>399</b>	<b>864</b>	<b>(2,188)</b>	<b>10,705</b>	<b>10,988</b>

### 15. Contingent liabilities

The Company has given guarantees in respect of certain leasing obligations due by other group companies. The capital outstanding under these obligations as 31 October 2004 amounted to £3,174 (2003: £9,366)

### 16. Related party transactions

No disclosure has been made of transactions with group undertakings, as advantage has been taken of the exemption within FRS 8 "Related party disclosures", as it is a wholly owned subsidiary of First Choice Holidays PLC. Therefore the Company has not disclosed transactions or balances with entities that form part of the group headed by First Choice Holidays PLC.

### 17. Pensions

The Company operates a defined contribution pension scheme for certain UK employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the company to the fund during the year and the charge is shown in note 2.

## **CROWN HOLIDAYS LIMITED**

**Notes forming part of the financial statements for the year ended 31 October 2004 (*Continued*)**

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### **18. Ultimate parent company**

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which Crown Holidays Limited is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 9GX.