

Crown Holidays Limited
Directors' report and financial statements
for the year ended 30 September 2012
Company number 1734244

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The Directors present their report and the audited financial statements of Crown Holidays Limited ("the Company") for the year ended 30 September 2012

Principal activities

The Company's principal activity is that of a holding company. In the prior year the Company also hired cabin cruisers to fellow subsidiary companies within the TUI Travel PLC group of companies ("the Group")

Results and dividends

The Company's profit on ordinary activities before taxation for the year ended 30 September 2012 was £310,000 (2011 £6,101,000). No dividends were paid during the year (2011 £nil) and the Directors do not recommend the payment of a final dividend.

Enhanced business review and future developments

Following the transfer of the Company's boat cabin cruiser fleet to a fellow Group undertaking in October 2011 (Note 8), the Company now operates solely as a holding company of cabin cruiser tour operators. The Directors believe that the Company and its investments are well equipped to face the challenging environment of 2013 and beyond.

During the year, the Directors managed the risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the Group. The Company's risks and uncertainties are reviewed in the context of the Group and 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 Specialist & Activity Sector businesses. The principal risks and uncertainties which are common to the Group and the Company are:

- **Economic downturn.** The current economic environment remains challenging and customer demand remains under pressure. The Directors consider the Company has, within the context of the Group, appropriate planning processes in place and continue to monitor the trading outlook. Appropriate mitigating action is taken where necessary to maximise profitability, such as maintaining flexible pricing, managing capacity commitments and focusing on cost control.
- **Climate change risk.** We recognise that operating in a carbon-intensive industry does have an effect on the environment. The Group has a carbon management strategy to reduce the Group's greenhouse gas emissions from all divisions within the Group and is preparing for regulatory proposals on climate change.
- **Geo-political events and natural disasters.** The nature of the business means that the Company is at risk of geo-political events or natural disasters. It is for this reason that the Company ensures it operates with a flexible and efficient business model and minimises the reliance on any one destination.
- **Information technology.** The Company is heavily reliant upon information technology. Investment is being made to ensure that there are 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.
- **Financial Risk.** General cost base increases together with unhedged foreign exchange rates and fuel prices have the potential to materially reduce the Company's margin. The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. This support includes, inter alia, setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future.

Key performance indicators

As the Directors manage the Company in co-ordination with the management of the TUI Travel Specialist & Activity Sector UK & Ireland businesses, they take the view that analysis using key performance indicators ("KPIs") for the Company alone is not necessary or appropriate for an understanding of the development, performance and positioning of its business

The development, performance and positioning of the Specialist & Activity Sector of the Group, which includes the Company, is discussed in the Business Performance section within the TUI Travel PLC annual report, which does not form part of this report. Copies of the TUI Travel PLC financial statements are available from the address shown in note 17

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

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

R B Baikoski	(appointed 17 October 2012)
R C Bainbridge	(appointed 7 March 2012)
M R Prior	(appointed 14 December 2012)
J Walter	(appointed 14 December 2012)

Other Directors who served in the year were

J J Grisdale	(appointed 17 October 2012, resigned 4 January 2013)
A L John	(resigned 10 July 2012)
D Mee	(resigned 31 January 2013)
J Wimbleton	(resigned 10 July 2012)

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office

Directors' insurance

The intermediate parent company, TUI Travel PLC, maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision

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 Holidays Limited
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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 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 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.

By order of the Board



M R Prior
Director
Dated 8 May 2013
Company Number 1734244

We have audited the financial statements of Crown Holidays Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

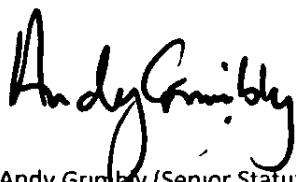
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andy Grimby (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
Dated 8 May 2013

Crown Holidays Limited
Profit and loss account for the year ended 30 September 2012

	Note	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Turnover		-	57
Administrative expenses	2	235	(164)
Operating profit / (loss)		235	(107)
Income from shares in Group undertakings	4	-	1,399
Profit on disposal of investments	9	-	4,771
Profit on ordinary activities before interest		235	6,063
Interest receivable and similar income	6	75	45
Interest payable and similar charges	5	-	(7)
Profit on ordinary activities before taxation	2	310	6,101
Tax on profit on ordinary activities	7	180	43
Profit for the financial year	14	490	6,144

The results stated above are all derived from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

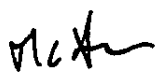
There are no recognised gains and losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

Crown Holidays Limited
Balance sheet at 30 September 2012

		30 September 2012 £000	30 September 2011 £000
	Note		
Fixed assets			
Tangible assets	8	-	700
Investments	9	<u>2,932</u>	<u>2,932</u>
		2,932	3,632
Current assets			
Debtors	10	<u>1,221</u>	<u>1,224</u>
Cash at bank and in hand		<u>17,512</u>	<u>16,753</u>
		18,733	17,977
Creditors amounts falling due within one year	11	<u>(348)</u>	<u>(607)</u>
Net current assets		18,385	17,370
Total assets less current liabilities		<u>21,317</u>	<u>21,002</u>
Provisions for liabilities	12	-	(175)
Net assets		<u>21,317</u>	<u>20,827</u>
Capital and reserves			
Called up share capital	13	11,630	11,630
Share premium account	14	399	399
Capital redemption reserve	14	864	864
Profit and loss account	14	8,424	7,934
Total shareholders' funds	15	<u>21,317</u>	<u>20,827</u>

The notes on pages 7 to 13 form part of these financial statements

The financial statements were approved by the Board on 8 May 2013 and signed on their behalf by



M R Prior
Director

1. Accounting policies

The following accounting policies have been consistently applied 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 the Companies Act 2006, applicable United Kingdom accounting standards and under the historical cost convention

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group accounts. These financial statements present information about the Company as an individual undertaking and not about its Group. The Company and its subsidiary companies are consolidated within the TUI Travel PLC financial statements

Cash flow

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

Going concern

The accounts are prepared on the going concern basis as the immediate parent company, TUI Travel PLC, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for as long as the Company remains a member of the Group

Turnover

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

Tangible assets and depreciation

Tangible assets were recorded at cost and were depreciated on a straight-line basis to their residual value over their estimated useful lives

Boats	24 years
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Useful lives were estimated taking into account the rate of technological change and intensity of use of the assets. An asset's carrying amount was written down immediately to its recoverable amount if the asset's carrying amount was greater than its estimated recoverable amount

The carrying amounts of the Company's assets were reviewed at each balance sheet date to determine whether there was any indication of impairment. An impairment loss was recognised whenever the carrying amount of an asset or its cash-generating unit exceeded its recoverable amount. Impairment losses were recognised in the income statement

Investments

Investments are stated at cost less provision for impairment. Impairment reviews are carried out if there is an indication of a reduction in value

Foreign currency

Monetary assets and liabilities denominated in currencies other than pounds sterling are translated at year end rates of exchange. 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

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods

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 which are different from their inclusion in the financial statements. 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.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

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 will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2. Profit on ordinary activities before taxation

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Profit on ordinary activities before taxation is stated after (crediting) / charging:		
Depreciation – owned assets	-	21
Release of accrual no longer required	(236)	-

In 2011 and 2012 auditors' remuneration was borne by another Group company. It has not been possible to separately identify the audit fee relating to this entity.

3. Employees' and Directors' remuneration

The remuneration of the Company's Directors was paid by another Group company, which makes no recharge to the Company (2011: £nil). The Directors are also Directors of a number of Group companies and it is therefore not possible to make an accurate apportionment of their remuneration in respect of the Company and each of the fellow Group companies of which they are also a Director.

4. Income from shares in Group undertakings

	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Ordinary dividends received	-	1,399

In 2011 the Company received a dividend from Continental Boating Holidays Limited of €1,613,810.

5 Interest payable and similar charges	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Foreign exchange losses	-	7
6. Interest receivable and similar income	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Bank interest receivable	75	45
7. Tax on profit on ordinary activities		
i) Analysis of tax credit in year	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Current tax		
Amount payable to / (receivable from) fellow subsidiaries for group relief	59	(20)
Adjustment in respect of previous periods	(64)	-
Total current tax	(5)	(20)
Deferred tax		
Origination and reversal of timing differences		
- current year	(177)	(9)
- effect of reduction in UK corporation tax rate	-	(14)
- adjustment in respect of previous periods	2	-
Total deferred tax (note 12)	(175)	(23)
Tax credit on profit on ordinary activities	(180)	(43)
(ii) Factors affecting the current tax credit for the year		
The current tax credit for the year (2011 credit) differs to the standard rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below		
	Year ended 30 September 2012 £000	Year ended 30 September 2011 £000
Profit on ordinary activities before tax	310	6,101
Profit on ordinary activities at the standard rate of UK corporation tax of 25% (2011 27%)	78	1,647
Effects of		
- Income not taxable	-	(1,666)
- Depreciation for year in excess of capital allowances	-	9
- Prior year losses utilised	(19)	(10)
- Adjustment in respect of previous periods	(64)	-
Current tax credit for year	(5)	(20)

7. Tax on profit on ordinary activities (continued)

(iii) Factors affecting the future tax charge

On 22 June 2010, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (having been substantively enacted on 20 July 2010). Subsequent UK Budget Statements have announced additional reductions in the main UK corporation tax rate to 26% taking effect from 1 April 2011, and 24% taking effect from 1 April 2012.

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013. Therefore, at 30 September 2012, deferred tax assets and liabilities have been calculated based on a rate of 23% where the temporary difference is expected to reverse after 1 April 2013.

Further proposals to reduce the main UK corporation tax rate to 21% on 1 April 2014 and 20% on 1 April 2015 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

This may reduce the Company's future current tax charge and it has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities/assets accordingly, it is estimated that this will not have a material effect on the Company.

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. The statutory rate of UK corporation tax will reduce to 23% with effect from 1 April 2013.

8. Tangible assets

	Boats £000
Cost	
1 October 2011	1,094
Transfer to fellow Group undertaking	(1,094)
30 September 2012	-
Accumulated depreciation	
1 October 2011	394
Transfer to fellow Group undertaking	(394)
30 September 2012	-
Net book value	
30 September 2012	-
30 September 2011	700

In October 2011 the Company disposed of Boats with a net book value of £700,000 to a fellow Group company for their net book value.

9 Investments

	Investments in subsidiary undertakings £000
Cost:	
At 1 October 2011 and 30 September 2012	<u>5,098</u>
Impairment	
At 1 October 2011 and 30 September 2012	<u>2,166</u>
Net book value:	
At 1 October 2011 and 30 September 2012	<u>2,932</u>

Investment in principal subsidiary undertakings

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

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Crown Cruisers Limited	100	England	Boat Hire
Crown Blue Line France S A	100	France	Boat Hire
Crown Blue Line GmbH	100	Germany	Boat Hire

The Directors believe that the book value of the investments is supported by their underlying net assets

	30 September 2012 £000	30 September 2011 £000
10. Debtors		
Amounts owed by Group undertakings	-	8
Group relief receivable	<u>1,221</u>	<u>1,216</u>
	<u>1,221</u>	<u>1,224</u>
	30 September 2012 £000	30 September 2011 £000
11. Creditors amounts falling due within one year		
Amounts owed to Group undertakings	348	348
Taxation and social security	-	23
Accruals and deferred income	<u>-</u>	<u>236</u>
	<u>348</u>	<u>607</u>

Amounts owed to Group undertakings are unsecured and have no fixed date of repayment and are interest free

	Total £000
12. Provisions for liabilities	
Deferred taxation	
1 October 2011	(175)
Credited in the year (note 7)	175
30 September 2012	-

The net deferred tax provision as at 30 September 2012 is as follows

	30 September 2012 £000	30 September 2011 £000
Accelerated capital allowances	-	175
Net deferred tax provision	-	175

A deferred tax asset has not been recognised in respect of timing differences relating to non trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £78,000 (2011: £105,000). The asset will be recovered if there are sufficient suitable taxable profits in future periods against which to offset this asset.

	30 September 2012 £000	30 September 2011 £000
13. Called up share capital		
Issued and fully paid		
23,260,911 ordinary shares of 50p each	11,630	11,630

14. Total shareholders' funds

	Share premium account £000	Capital redemption reserve £000	Profit and loss £000
1 October 2011	399	864	7,934
Profit for the financial year	-	-	490
30 September 2012	399	864	8,424

15. Reconciliation of movement in shareholders' funds

	30 September 2012 Total £000	30 September 2011 Total £000
1 October 2011	20,827	14,683
Profit for the financial year	490	6,144
30 September 2012	21,317	20,827

16. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI Travel PLC. The Directors confirm that there are no other related party transactions which require disclosure.

17. Ultimate parent company

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The intermediate holding company is TUI Travel PLC. The immediate holding company is First Choice Marine 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 the Company Secretary TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL or from the website www.tuitravelpc.com. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or the website address www.tui-group.com.