

Woodford Bridge Country Club Limited

Directors' report and financial statements

Year ended 31 December 1996

Registered number 1833365



Woodford Bridge Country Club Limited

Directors' report and financial statements

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Woodford Bridge Country Club Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The principal activity of the company continues to be that of development and marketing of holiday ownership. The majority of the company's sales were to LS Promotions Limited, a fellow subsidiary undertaking. LS Promotions Limited made subsequent sales of holiday ownership to third parties.

Business review

The results of the company are set out on page 5. The directors consider the trading results and the financial position of the company to be satisfactory.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is £23,879.

Significant changes in fixed assets

Details of movements in fixed assets during the year are set out in note 7 to the financial statements.

Directors and directors' interests

The directors who held office during the year and their interests in the ordinary shares of the company as recorded in the register of directors' share interests were as follows:

	Interest at beginning and end of year
IK Ganney (chairman)	-
RI Harrington	-

The interests of the directors in the share capital of the ultimate holding company, LSI Group Holdings Plc, are shown in the financial statements of that company.

Policy on payment of creditors

The company does not follow a specific policy on the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contracts and adheres to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Woodford Bridge Country Club Limited

Directors' report

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


IK Ganney
Director

Pine Lake Resort
Carnforth
Lancaster
LA6 1JZ

29/5/1997

Woodford Bridge Country Club Limited

Statement of 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 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;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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PRESTON
Lancashire PR2 2YF

Auditors' report to the members of Woodford Bridge Country Club Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

29 May 1997

Woodford Bridge Country Club Limited

Profit and loss account for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	2	289,550	588,527
Cost of sales		(234,014)	(397,081)
Gross profit		<u>55,536</u>	<u>191,446</u>
Distribution costs		(75,000)	(150,062)
Administrative expenses		(39,823)	(30,643)
Other operating income	3	80,921	82,834
Operating profit		<u>21,634</u>	<u>93,575</u>
Interest receivable and similar income	4	-	5,884
Interest payable and similar charges	5	-	(18)
Profit on ordinary activities before taxation	3	<u>21,634</u>	<u>99,441</u>
Tax on profit on ordinary activities	6	2,245	(32,555)
Retained profit for the financial year		<u>23,879</u>	<u>66,886</u>
Retained loss brought forward		(40,819)	(107,705)
Retained loss carried forward		<u>(16,940)</u>	<u>(40,819)</u>

All amounts relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31 December 1996

There were no recognised gains and losses other than the profit for the current and prior year.

Woodford Bridge Country Club Limited

Balance sheet

at 31 December 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	7	-	-
Current assets			
Stocks	8	251,654	456,797
Debtors	9	135,354	119,965
Cash at bank and in hand	1	154	
		<u>387,009</u>	<u>576,916</u>
Creditors: amounts falling due within one year	10	<u>(403,947)</u>	<u>(617,733)</u>
Net current liabilities		<u>(16,938)</u>	<u>(40,817)</u>
Net liabilities		<u>(16,938)</u>	<u>(40,817)</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		(16,940)	(40,819)
Equity shareholders funds		<u>(16,938)</u>	<u>(40,817)</u>

These financial statements were approved by the board of directors on 29/5/1997 and were signed on its behalf by:


IK Ganney
 Director

Woodford Bridge Country Club Limited

Reconciliation of movements in shareholders' funds *for the year ended 31 December 1996*

	1996 £	1995 £
Profit for the financial year	23,879	66,886
Opening shareholders' funds	(40,817)	(107,703)
Closing shareholders' funds	<u>(16,938)</u>	<u>(40,817)</u>

Woodford Bridge Country Club Limited

Notes

(forming part of the financial statements)

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 accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of LSI Group Holdings Plc, and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	5 years
Computer equipment	-	3 years

Stocks

Timeshare stocks comprise the cost of unsold periods in timeshare accommodation and are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present condition.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Woodford Bridge Country Club Limited

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Related party transactions

The directors have taken advantage of the exemption in FRS8, paragraph 3(c), and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

2 Analysis of turnover

Turnover is wholly attributable to sales and provision of services within the UK.

3 Profit/(loss) on ordinary activities before taxation

	1996 £	1995 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	1,550	1,650
Other services	1,750	
Hire of plant and machinery - rentals payable under operating leases	68	642
	<hr/>	<hr/>
Other income relates mainly to rental income.		

4 Interest receivable and similar income

	1996 £	1995 £
Bank interest	-	5,884
	<hr/>	<hr/>

5 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	-	18
	<hr/>	<hr/>

Woodford Bridge Country Club Limited

Notes (continued)

6 Taxation

	1996 £	1995 £
UK corporation tax at 33% (1995: 33%) on the profit for the year on ordinary activities	6,461	32,555
Adjustment relating to an earlier year	(8,706)	-
	<u>(2,245)</u>	<u>32,555</u>

7 Tangible fixed assets

	Fixtures, fittings and equipment £	Computer equipment £	Total £
<i>Cost</i>			
At beginning and end of year	64,395	18,432	82,827
<i>Depreciation and diminution in value</i>			
At beginning and end of year	64,395	18,432	82,827
<i>Net book value</i>			
At 31 December 1996	-	-	-
At 31 December 1995	-	-	-

8 Stocks

	1996 £	1995 £
Unsold timeshare periods	251,654	456,797

9 Debtors

	1996 Due within one year £	1995 Due within one year £
Amounts owed by group undertakings	135,354	119,965
<i>The amounts owed by group undertakings comprise</i>		
Parent and fellow subsidiary undertakings	135,354	119,965

Woodford Bridge Country Club Limited

Notes (continued)

10 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	2,545	77,434
Amounts owed to group undertakings	392,441	506,094
Corporation tax	6,461	32,555
Accruals and deferred income	2,500	1,650
	<hr/> 403,947	<hr/> 617,733
<i>The amounts owed to group undertakings comprise:</i>		
Parent and fellow subsidiary undertakings	<hr/> 392,441	<hr/> 506,094

The bank overdraft is part of a group composite account agreement allowing set off with bank deposits held by fellow subsidiary companies.

11 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<hr/> 500,000	<hr/> 500,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<hr/> 2	<hr/> 2

12 Contingent liabilities

The company is a member of a group VAT registration and is jointly and severally liable for any debts due by members of the registration. At 31 December 1996 the total group liability amounted to £273,000 (1995: £106,286).

The Spanish direct and indirect tax authorities have not yet established a clear regime as regards holiday ownership operations. In common with the holiday ownership industry in general the company recognise this to be a situation which needs to be clarified in due course. While the uncertainty surrounding this area could potentially result in there being an exposure to taxation in Spain, the directors consider that any such liability would be mitigated by other relevant taxation factors. Due to the nature of the uncertainty, the directors do not consider it practicable to make an estimate of the potential financial effect.

13 Ultimate parent company

The largest and smallest group in which the results of the company are consolidated is that headed by LSI Group Holdings Plc a company registered in England. The consolidated financial statements of this group are available to the public and may be obtained from the registered office at Pine Lake Resort, Carnforth, Lancaster, LA6 1JZ.