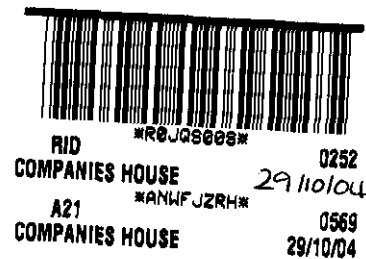


CLUB LA COSTA (UK) PLC

Report and Financial Statements

31 December 2003



454

02-11-04

REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
<i>Consolidated balance sheet</i>	6
Balance sheet	7
Consolidated cash flow statement	8
Notes to the cash flow statement	9
Notes to the accounts	10

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Bratt
R B Lyons (resigned 1 July 2003)
I Robertson (appointed 1 July 2003; resigned 1 April 2004)
E Revivo (appointed 24 May 2004)

SECRETARY

Mapa Management & Administration Services Limited

REGISTERED OFFICE

Hallswelle House
1 Hallswelle Road
London
NW11 0DH

BANKERS

Barclays Bank plc
1250 High Road
Whetstone
London
N20 0PB

SOLICITORS

Fladgate Fielder
25 North Row
London
W1K 1DJ

AUDITORS

Deloitte & Touche LLP
Liverpool

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

ACTIVITIES

The principal activity of the company and of the group is the generation of prospects and the sale of products in the leisure and timeshare industry.

BUSINESS REVIEW AND FUTURE PROSPECTS

Trading conditions have remained difficult, although the directors are satisfied with the result for the year, and expect future performance to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £174,460 (2002: £96,770).

The directors do not recommend payment of a dividend (2002: £nil). The profit after tax of £174,460 (2002: £96,770) will be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and thereafter, including changes in appointment, are noted on page 1.

None of the directors hold any beneficial interest in the shares of the company.

SUPPLIER PAYMENT POLICY

It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Trade creditor days of the group for the year ended 31 December 2003 were 41 days (2002: 54 days), calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days, between the amounts invoiced to the group by its suppliers in the year, and amounts due at the year end to trade creditors within one year.

DISABLED EMPLOYEES

It is the policy of the group to give full consideration to suitable applications for employment of disabled persons. Every effort is made, where employees of the group become disabled, to retain them in their employment, or consider them for other positions.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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; 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 the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLUB LA COSTA (UK) PLC

We have audited the financial statements of Club La Costa (UK) plc for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes A to C, and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

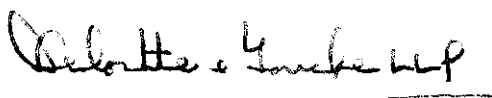
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



29 October 2004

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	13,881,185	7,222,261
Cost of sales		(1,994,117)	(1,285,646)
Gross profit		11,887,068	5,936,615
Administrative expenses		(11,709,646)	(8,486,214)
Other operating income - amounts written off balance due to immediate parent company		-	2,650,000
OPERATING PROFIT	4	177,422	100,401
Interest receivable		316	595
Interest payable and similar charges	5	(3,278)	(4,226)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		174,460	96,770
Tax on profit on ordinary activities	6	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	16	174,460	96,770
Retained loss brought forward		(118,975)	(215,745)
Retained loss carried forward		55,485	(118,975)

All activities relate to continuing operations.

There have been no recognised gains and losses for the current and prior financial year other than as stated above, and accordingly a statement of total recognised gains and losses has not been prepared.

CONSOLIDATED BALANCE SHEET
Year ended 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	-	15,000
Tangible assets	7	506,415	172,081
		<u>506,415</u>	<u>187,081</u>
CURRENT ASSETS			
Stocks	10	60,035	29,354
Debtors	11	6,015,485	4,412,480
Debtors due after more than one year	11	1,313,088	1,807,240
Cash at bank and in hand		573,699	104,657
		<u>7,962,307</u>	<u>6,353,731</u>
CREDITORS: amounts falling due within one year	12	(7,803,246)	(6,159,787)
NET CURRENT ASSETS		<u>159,061</u>	<u>193,944</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		665,476	381,025
CREDITORS: amounts falling due after more than one year	13	(109,991)	-
		<u>555,485</u>	<u>381,025</u>
CAPITAL AND RESERVES			
Called up share capital	15	500,000	500,000
Profit and loss account	16	55,485	(118,975)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>55,485</u>	<u>381,025</u>

These financial statements were approved by the Board of Directors on 27/10/04

Signed on behalf of the Board of Directors


 Director

BALANCE SHEET
Year ended 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	-	15,000
Tangible assets	7	319,269	89,113
Investments	9	140,103	90,102
		<u>459,372</u>	<u>194,215</u>
CURRENT ASSETS			
Stocks	10	60,035	29,354
Debtors	11	6,042,382	4,786,429
Debtors due after more than one year	11	1,240,014	1,658,527
Cash at bank and in hand		165,061	101,163
		<u>7,507,492</u>	<u>6,575,473</u>
CREDITORS: amounts falling due within one year	12	<u>(6,893,803)</u>	<u>(5,955,663)</u>
NET CURRENT ASSETS		<u>613,689</u>	<u>619,810</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,073,061</u>	<u>814,025</u>
CREDITORS: amounts falling due after more than one year	13	<u>(109,991)</u>	<u>-</u>
NET ASSETS		<u>963,070</u>	<u>814,025</u>
CAPITAL AND RESERVES			
Called up share capital	15	500,000	500,000
Profit and loss account	16	463,070	314,025
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>963,070</u>	<u>814,025</u>

These financial statements were approved by the Board of Directors on 27/10/04
Signed on behalf of the Board of Directors



Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	A	812,987	146,272
Returns on investments and servicing of finance			
Interest received		316	595
Interest paid		(1,053)	(226)
Interest element on hire purchase contracts		(2,225)	(4,000)
		<u> </u>	<u> </u>
Net cash outflow from returns on investment and servicing of finance		(2,962)	(3,631)
		<u> </u>	<u> </u>
Taxation		-	1,035
Capital expenditure			
Payments to acquire tangible fixed assets		(328,024)	(146,882)
Receipts from sales of tangible fixed assets		11,000	22,433
		<u> </u>	<u> </u>
		(317,024)	(124,449)
		<u> </u>	<u> </u>
Acquisitions and disposals			
Purchase of business		-	-
		<u> </u>	<u> </u>
Net cash inflow before financing		493,001	19,227
Financing			
Repayment of capital on hire purchase contracts and finance lease rentals		(55,867)	(23,887)
		<u> </u>	<u> </u>
Increase/(decrease) in cash		<u>437,134</u>	<u>(4,660)</u>

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 2003

A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	177,422	100,401
Depreciation charge	229,568	164,206
Amortisation charge	15,000	22,500
Profit on sale of tangible fixed assets	(9,872)	(4,545)
(Increase)/decrease in stocks	(30,681)	56
Increase in debtors	(1,108,853)	(1,481,114)
Increase in creditors	1,540,403	1,344,768
Net cash inflow from operating activities	812,987	146,272

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
Increase/(decrease) in cash in the year	437,134	(4,660)
Cash flow from change in debt	55,867	23,887
Change in net debt	493,001	19,227
New finance leases	(237,006)	-
	255,995	19,227
Net funds/(debt) at 1 January	66,026	46,799
Net funds at 31 December	322,021	66,026

C. ANALYSIS OF NET FUNDS

	At 1 January 2003 £	Cashflows £	Non-cash flow changes £	At 31 December 2003 £
Cash at bank and in hand	104,657	469,042	-	573,699
Overdrafts	(36,406)	(31,908)	-	(68,314)
	68,251	437,134	-	505,385
Hire purchase leases	(2,225)	55,867	(237,006)	(183,364)
	66,026	493,001	(237,006)	322,021

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation and results

The accounts consolidate the results of all companies within the Group to the extent of Group ownership. This is the first occasion where consolidated accounts have been prepared. Therefore, for the profit and loss account and related notes, the comparative figures are different to those reported as the prior year accounts only showed the result of the parent company.

Goodwill

Purchased goodwill is capitalised within intangible fixed assets, and is amortised over its estimated useful economic life.

Tangible fixed assets

Depreciation is provided on cost, less estimated residual value over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	33% straight line
Fixtures and fittings	33% straight line

Leasehold improvements are depreciated over the shorter of five years and the remaining lease term.

Investments

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Taxation

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases and Hire Purchase Contracts

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over the shorter of the lease term and their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals

Operating lease rentals are charged to income in equal annual amounts over the lease term.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

Pension costs

Contributions are made to certain individual employees' personal pension schemes. The assets of the schemes are held separately from those of the group in funds administered by independent third parties. The pension cost charge represents contributions payable by the Group.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of discounts and Value Added Tax, all of which originates in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' remuneration		
Remuneration for management services	253,248	114,833
	<u>No.</u>	<u>No.</u>
Average number of persons employed		
Marketing and sales	285	195
Administration	37	24
	<u>322</u>	<u>219</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	3,754,802	3,303,673
Social security costs	317,301	241,956
Pension contributions	5,703	5,155
	<u>4,077,806</u>	<u>3,550,784</u>

4. OPERATING PROFIT

	2003 £	2002 £
Operating profit is after charging/(crediting):		
Depreciation:		
Owned assets	175,324	150,609
Leased assets	54,244	13,597
Amortisation of goodwill	15,000	22,500
Rentals under operating leases:		
Other	629,940	317,858
Plant and machinery	-	3,166
Auditors' remuneration		
Audit fees	31,000	28,500
Other services	11,000	9,000
Profit on sale of fixed assets	(9,872)	(4,567)

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank overdraft	1,053	226
Hire purchase interest	2,225	4,000
	<u>3,278</u>	<u>4,226</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
United Kingdom corporation tax at 30% (2002 - 30%) based on the profit for the year	-	-
Adjustments in respect of prior years	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax charge for the year is lower (2002: lower) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>174,460</u>	<u>96,770</u>
Tax at 30% thereon:	52,338	29,031
Effect of:		
Expenses not deductible for tax purposes	31,236	13,370
Capital allowances in excess of depreciation	1,841	12,382
Movement in short term timing differences	10,575	7,200
Free group relief	(22,573)	-
Amortisation of goodwill	4,500	6,750
Amounts written off balance due to immediate parent company	-	(795,000)
(Utilisation)/carry forward of tax losses	<u>(77,917)</u>	<u>726,267</u>
	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

7. TANGIBLE FIXED ASSETS

The Group	Leasehold Improvements	Motor vehicles	Fixtures & fittings	Total
Cost	£	£	£	£
At 1 January 2003	211,361	101,574	417,899	730,834
Additions	85,277	58,500	421,253	565,030
Disposals	(99,171)	(81,575)	(8,002)	(188,748)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	197,467	78,499	831,150	1,107,116
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2003	174,135	97,602	287,016	558,753
Charge for the year	45,703	19,535	164,330	229,568
Disposals	(99,171)	(81,575)	(6,874)	(187,620)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	120,667	35,562	444,472	600,701
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2003	76,800	42,937	386,678	506,415
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	37,226	3,972	130,883	172,081
	<hr/>	<hr/>	<hr/>	<hr/>

Included above are assets with net book value of £185,234 (2002 £2,472) in respect of assets held under finance leases and hire purchase contracts.

The Company	Leasehold Improvements	Motor vehicles	Fixtures & fittings	Total
Cost	£	£	£	£
At 1 January 2003	162,034	81,575	268,780	512,389
Additions	30,475	58,500	290,053	379,028
Disposals	(59,375)	(81,575)	(8,002)	(148,952)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	133,134	58,500	550,831	742,465
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2003	133,810	79,103	210,363	423,276
Charge for the year	26,584	19,535	101,625	147,744
Disposals	(59,375)	(81,575)	(6,874)	(147,824)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	101,019	17,063	305,114	423,196
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2003	32,115	41,437	245,717	319,269
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	28,224	2,472	58,417	89,113
	<hr/>	<hr/>	<hr/>	<hr/>

Included above are assets with net book value of £185,234 (2002 £2,472) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

8. INTANGIBLE FIXED ASSETS

	Group Goodwill £	Company Goodwill £
Cost		
At 1 January 2003	499,755	90,000
Disposals	(428,504)	(90,000)
At 31 December 2003	<u>71,251</u>	<u>-</u>
Accumulated amortisation		
At 1 January 2003	484,755	75,000
Disposals	(428,504)	(90,000)
Charge for the year	15,000	15,000
At 31 December 2003	<u>71,251</u>	<u>-</u>
Net book value		
At 31 December 2003	<u>-</u>	<u>-</u>
At 31 December 2002	<u>15,000</u>	<u>15,000</u>

9. INVESTMENTS HELD AS FIXED ASSETS

The company	£
Shares in subsidiary undertakings (see note 20)	
Cost at 1 January 2003	90,102
Additions	50,001
Cost at 31 December 2003	<u>140,103</u>

The addition during the year represented an increase in the issued share capital of the existing subsidiary Club La Costa Travel Limited.

10. STOCKS

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Consumables	<u>60,035</u>	<u>29,354</u>	<u>60,035</u>	<u>29,354</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

11. DEBTORS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	4,632,363	4,312,709	4,388,966	4,092,078
Amounts owed by group undertakings	352,070	454,996	1,258,935	1,075,600
Amounts owed by related undertakings	1,149,776	941,754	1,097,593	940,546
Other debtors	494,070	254,738	383,310	212,035
Prepayments and accrued income	700,294	255,523	153,578	124,683
Corporation tax recoverable	-	-	14	14
	<u>7,328,573</u>	<u>6,219,720</u>	<u>7,282,396</u>	<u>6,444,956</u>

Trade debtors for the Group and Company include amounts of £1,313,088 (2002: £1,807,240) and £1,240,014 (2002: £1,658,527) respectively which fall due for payment after more than one year. Of the trade debtors balance of the Group and the Company, £2,189,552 (2002: £971,357) has been collected by a fellow group undertaking.

Included within other debtors is £22,581 receivable from I Robertson, a director of the company (2002: £nil). The balance is an employee advance arising from the normal course of his duties as a director. Also included within other debtors is £4,544 (2002: £nil) due from R Bratt, who is also a director of the company.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	68,314	36,406	57,632	31,963
Trade creditors	1,044,149	884,890	932,074	793,852
Obligations under finance leases	73,373	2,225	73,373	2,225
Amounts owed to group undertakings	2,939,662	2,688,722	3,440,400	3,239,364
Amounts owed to related undertakings	2,464,209	2,113,380	1,890,918	1,554,018
Other taxes and social security	79,197	76,760	52,800	48,633
Other creditors	819,714	249,887	328,351	216,590
Accruals and deferred income	314,592	107,481	118,255	69,018
Corporation tax	36	36	-	-
	<u>7,803,246</u>	<u>6,159,787</u>	<u>6,893,803</u>	<u>5,955,663</u>

Trade creditors of the group includes £759,265 (2002: £628,326) payable to related parties. Trade creditors of the company includes £711,207 (2002: £584,149) payable to related parties.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	<u>109,991</u>	<u>-</u>	<u>109,991</u>	<u>-</u>

Obligations under finance leases are secured on the related assets.

14. PROVISIONS FOR LIABILITIES AND CHARGES

There is no provided deferred tax for either the Group or the Company at 31 December 2002 (2001: £nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

14. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The Group

A potential deferred tax asset of £1,727,000 (2002: £1,792,000), relating mainly to trading losses carried forward, has not been recognised as there is insufficient evidence that the asset will be recovered.

The Company

A potential deferred tax asset of £1,619,000 (2002: £1,681,000), relating mainly to trading losses carried forward, has not been recognised as there is insufficient evidence that the asset will be recovered.

The assets would be recovered if there are sufficient future profits in the Club La Costa (UK) plc group companies to utilise the losses.

15. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
500,000 ordinary shares of 1 each	500,000	500,000

16. PROFIT AND LOSS ACCOUNT

	Group 2003 £	Company 2003 £
Accumulated (losses)/profits at 1 January 2003	(118,975)	314,025
Profit for the financial year	174,460	149,045
Accumulated losses at 31 December 2003	55,485	463,070

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £149,045 (2002 - £240,701).

17. FINANCIAL COMMITMENTS

The Group and Company had no capital commitments at 31 December 2003 (2002 - nil).

The Group and Company had the following commitments under non-cancellable operating leases at 31 December 2003:

Operating lease commitments	Group and Company Other 2003 £	Group Land and Buildings 2003 £	Company Land and Buildings 2003 £
Leases which expire:			
Within one year	61,067	196,592	172,916
Within two to five years	139,672	189,373	90,200
	200,739	385,965	263,116

18. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The immediate parent company is CLC Resort Developments Limited, a company incorporated in the Isle of Man. The ultimate parent company is Glinton Limited, a company incorporated in the Isle of Man.

The company and the group are under the control of Ledger (I.O.M) Trustees Company Limited.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

19. RELATED PARTY TRANSACTIONS

During the year the group made the following related party transactions:

Related party	Operating costs/recharges		Sales to related party		Amounted owed (to)/by related party at year end	
	2003	2002	2003	2002	2003	2002
	£	£	£	£	£	£
Group companies:						
CLC Resort Developments Limited	(1,558,158)	(437,814)	6,908,416	-	(2,922,573)	(2,211,074)
CLC Resort Management Limited	(32,813)	(4,990)	60,279	26,432	248,633	231,361
Duchally House Leisure Limited	(221,669)	(52,371)	91,820	-	-	(20,801)
Duchally House Resorts Limited	-	-	5,335	80,780	-	148,619
Marina del Sol Management SL	(388)	-	144	1,855	-	1,855
Glington Limited	(23,224)	-	81,410	9,997	86,976	28,790
European Resort Management Limited	-	-	-	-	-	7,043
Companies under common control:						
First Holiday Finance Limited	(4,662)	-	22,381	16,052	(1,053,430)	(971,149)
Consolidated Resorts Limited	(25,938)	(38,881)	159,924	-	(11,277)	(115,077)
CLC Holdings Limited	-	-	-	-	(937,433)	(937,433)
Club La Costa plc	(44,836)	(76,139)	14,590	-	(418,778)	(484,215)
CLC Management Services Limited	(47,364)	(2,204)	-	-	1,093,549	858,560
CLC Options Management Limited	(457)	(275)	130,324	-	23,353	(275)
CLC Operacions	(3,503)	(9,327)	-	-	(14,224)	(9,327)
CLC Las Farolas	(1,365)	(55)	1,360	-	-	(55)
Sunningdale Sales Ltd	(4,182)	-	24,781	144	(236)	144
Leisure Research Studies Ltd	(299)	-	1,800	1,740	3,241	1,740
Comunidad de Propietarios	-	-	504	-	504	-

The balances with First Holiday Finance Limited, CLC Developments Limited and CLC Resort Developments Limited relate to amounts funded from these companies. These balances are repayable on demand and provided interest free.

20. ADDITIONAL INFORMATION ON SUBSIDIARIES

The wholly owned subsidiary companies (unless otherwise stated) of Club La Costa (UK) plc (a company incorporated in England and Wales) are:

Incorporated in England and Wales

Club La Costa Promotions Limited
 Leisure Network Limited
 Sunscapes International Limited
 Soundline Limited
 Club La Costa Travel Limited
 Club La Costa Holidays Limited*

* Held by Club La Costa Travel Limited

All of the subsidiaries are involved in the generation of prospects and sale of products in the leisure and timeshare industry.