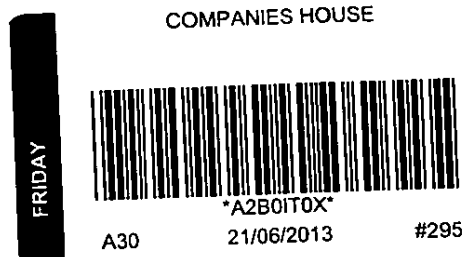


CLUB LA COSTA (UK) PLC

**Annual Report and Financial Statements
For the year ended 31 December 2012**



REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	5
Independent auditor's report	6
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the consolidated cash flow statement	11
Notes to the financial statements	12

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Bratt
E Revivo

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

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the company and of the group is the generation of prospects and the sale of property and leisure related products

ACCOUNTING REFERENCE DATE

The company's accounting reference date is 5 January. The company has made its accounts up to 31 December in accordance with its accounting policy.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Trading conditions have remained difficult but the directors are satisfied with the result for the year following the changes made last year and expect that the group's performance will continue into 2013. The group remains in a strong position to take advantage of the economic up turn when it arrives.

BUSINESS REVIEW

The directors are not aware, at the date of this report, of any likely changes in the group's activities in the coming year.

The turnover for the group has increased by 8.8% from £77,300,016 in 2011 to £84,121,933 in 2012 due mainly to the inclusion of a full year's trading of the Group's US subsidiaries.

Operating profit was £1,252,957 during the year, increasing from an operating loss of £2,925,943 in 2011. Market conditions continue to be challenging as seen throughout the global economy and particularly in the hospitality and property industry but the positive results for the year give encouragement that the drastic changes made during 2011 have had a positive effect.

The consolidated balance sheet on page 8 of the financial statements shows the group's financial position at the year end. Net liabilities for the group have decreased by £556,204 from net liabilities of £9,990,282 at 31 December 2011 to net liabilities of £9,434,078 at 31 December 2012 as a result of the retained profit transferred to reserves for the year netted against the foreign exchange loss in the year.

Movements in tangible fixed assets are set out in note 10 to the financial statements.

Trade debtors have increased by £1,859,911 from £1,108,269 to £2,968,180 during the year to 31 December 2012. This is an increase of 167.8%, and has resulted in debtor days increasing from 5 days in 2011 to 13 days in 2012. Trade creditors have increased by 135.7% during the year, resulting in creditor days increasing from 7 days in 2011 to 16 days in 2012. Both the increase in debtors and creditor days ratios are due to the increased business activity in the US.

The average headcount within the Group has decreased by 132 from 890 in 2011 to 758 in 2012 because of a major redundancy programme that took place in 2011.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties identified for future prospects relate largely to the fact that, for ongoing business, the group is dependent on the creation of new customers or selling more products to existing customers. To manage this risk, the group in the short term has reduced its reliance in the area of new member creation and focused on creating new product to sell to its existing customer base through its UK resort network. This should improve the likelihood of profitable trading in the coming year.

The group has some third party debt but is primarily financed by intercompany balances. As a consequence, the directors believe that the group is well placed to manage its business risk successfully despite the current uncertain economic outlook.

GOING CONCERN

The company is part of the wider Club la Costa group of companies ("Club la Costa group"). The ultimate parent company, Ginton Limited, has confirmed, on behalf of the Club la Costa group, its intention to provide ongoing support to the group and company. Having considered the ability of Ginton Limited to provide that support, based on the confirmation received, the directors believe that the group and company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

The Club la Costa group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current banking facilities for a period of at least 12 months following the date of signing these financial statements.

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 7 and shows the profit for the year. The profit (2011 loss) for the year before taxation amounted to £1,253,381 (2011 £4,630,610).

The directors can not recommend payment of a dividend (2011 £nil). The profit (2011 loss) after tax of £727,861 (2011 £3,931,655) has been transferred to (2011 from) reserves.

DIRECTORS

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

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 2012 were 16 days (2011 7 days), calculated in accordance with the requirements set down in the Companies Act 2006. 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.

CHARITABLE AND POLITICAL DONATIONS

During the year the Group made charitable donations of £48,857, principally to the Smile Foundation and Christel Charity.

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.

It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

DIRECTORS' REPORT (continued)

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through regular communication from the Board as well as wide usage of the Group's intranet website. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that in so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



R J Bratt, Director

19 JUNE 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 elected to prepare 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

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

We have audited the group and parent company financial statements of Club La Costa (UK) plc for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and notes to the consolidated cash flow statement A to C and the related notes to the financial statements 1 to 22. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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.

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 annual report 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 group and company's affairs as at 31 December 2012 and of the group's 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.

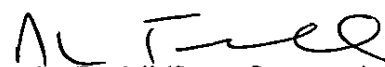
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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.



Alan Fendall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, UK

19/16/2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	2	84,121,933	77,300,016
Cost of sales		<u>(22,471,169)</u>	<u>(11,612,194)</u>
GROSS PROFIT		<u>61,650,764</u>	<u>65,687,822</u>
Administrative expenses		<u>(60,397,807)</u>	<u>(68,613,765)</u>
GROUP OPERATING PROFIT/(LOSS)	4	1,252,957	(2,925,943)
Exceptional items	5	<u>98,299</u>	<u>(1,611,513)</u>
		<u>1,351,256</u>	<u>(4,537,456)</u>
Net interest payable and similar expenses	6	<u>(97,875)</u>	<u>(93,154)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,253,381	(4,630,610)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	<u>(525,520)</u>	<u>698,955</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	18	<u>727,861</u>	<u>(3,931,655)</u>

All activities relate to continuing operations

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2012

	2012 £	2011 £
Profit/(loss) for the financial year attributable to the members	727,861	(3,931,655)
Foreign exchange translation loss on foreign currency net investment in subsidiaries	<u>(171,657)</u>	<u>(123,407)</u>
TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR	<u>556,204</u>	<u>(4,055,062)</u>

CONSOLIDATED BALANCE SHEET
As at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Negative goodwill	9	(638,308)	(729,495)
Tangible assets	10	3,538,950	3,597,420
		<u>2,900,642</u>	<u>2,867,925</u>
CURRENT ASSETS			
Stocks	12	10,465,926	11,496,833
Debtors	13	19,321,362	16,236,381
Cash at bank and in hand		5,704,492	6,272,880
		<u>35,491,780</u>	<u>34,006,094</u>
CREDITORS: amounts falling due within one year	14	(47,102,615)	(46,331,791)
NET CURRENT LIABILITIES		<u>(11,610,835)</u>	<u>(12,325,697)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(8,710,193)	(9,457,772)
CREDITORS: amounts falling due in more than one year	15	(723,885)	(532,510)
NET LIABILITIES		<u>(9,434,078)</u>	<u>(9,990,282)</u>
CAPITAL AND RESERVES			
Called up share capital	17	500,000	500,000
Merger reserve	18	(787,791)	(787,791)
Profit and loss account	18	(9,146,287)	(9,702,491)
TOTAL SHAREHOLDERS' DEFICIT		<u>(9,434,078)</u>	<u>(9,990,282)</u>

The financial statements of Club La Costa (UK) plc (Company number 3123199) were approved by the Board of Directors on 19 June 2013

Signed on behalf of the Board of Directors



R J Bratt, Director

COMPANY BALANCE SHEET
As at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	184,314	127,098
Investments	11	922,629	929,398
		<u>1,106,943</u>	<u>1,056,496</u>
CURRENT ASSETS			
Stocks	12	2,080,532	111,097
Debtors	13	11,648,526	8,897,318
Cash at bank and in hand		411,042	419,841
		<u>14,140,100</u>	<u>9,428,256</u>
CREDITORS: amounts falling due within one year	14	<u>(24,504,266)</u>	<u>(20,838,009)</u>
NET CURRENT LIABILITIES		<u>(10,364,166)</u>	<u>(11,409,753)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,257,223)</u>	<u>(10,353,257)</u>
NET LIABILITIES		<u>(9,257,223)</u>	<u>(10,353,257)</u>
CAPITAL AND RESERVES			
Called up share capital	17	500,000	500,000
Profit and loss account	18	<u>(9,757,223)</u>	<u>(10,853,257)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(9,257,223)</u>	<u>(10,353,257)</u>

The financial statements of Club La Costa (UK) plc (Company number 3123199) were approved by the Board of Directors on 19 JUNE 2013

Signed on behalf of the Board of Directors



R J Bratt, Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash inflow from operating activities	A		351,660		428,073
Returns on investments and servicing of finance					
Interest received		28,871		49,325	
Interest paid		(126,746)		(142,479)	
Net cash outflow from returns on investment and servicing of finance			(97,875)		(93,154)
Taxation (paid)/received			(589,493)		460,249
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(995,817)		(1,411,755)	
Receipts from sales of tangible fixed assets		29,813		-	
			(966,004)		(1,411,755)
Acquisitions and disposals					
Purchase of subsidiary undertaking net of cash acquired			1,322,669		(787,791)
			20,957		(1,404,378)
Financing					
Increase in borrowings		(109,074)		(2,277,618)	
Capital element of finance leases		(1,387)		(97,153)	
			(110,461)		(2,374,771)
Net cash outflow			(89,504)		(3,779,149)
Decrease in cash in the year	B,C		(89,504)		(3,779,149)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012

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

	2012 £	2011 £
Operating profit/(loss)	1,252,957	(2,925,943)
Exceptional items	98,299	(1,611,513)
Depreciation charge	921,805	1,280,170
Impairment charge	-	226,875
Amortisation of negative goodwill	(91,187)	(91,187)
(Profit)/loss on sale of tangible fixed assets	(29,734)	183,027
Decrease/(increase) in stocks	6,243,042	(6,274,380)
Increase in debtors	(2,875,588)	(716,143)
(Decrease)/increase in creditors	(5,167,934)	12,063,788
Net cash inflow from operating activities	351,660	428,073

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

	2012 £	2011 £
Decrease in cash in the year	(89,504)	(3,779,149)
Net movement in debt financing	110,461	2,374,771
Change in net funds	20,957	(1,404,378)
Translation difference	(37,070)	(29,805)
Movement in net funds for the year	(16,113)	(1,434,183)
Net funds at 1 January	3,201,884	4,636,067
Net funds at 31 December	3,185,771	3,201,884

C. ANALYSIS OF NET FUNDS

	At 1 January 2012 £	Cash flows £	Transfer of trade & assets £	Exchange movements £	At 31 December 2012 £
Cash at bank and in hand	6,272,880	(1,775,716)	1,322,668	(115,340)	5,704,492
Overdrafts	(2,422,380)	363,544	-	59,975	(1,998,861)
	3,850,500	(1,412,172)	1,322,668	(55,365)	3,705,631
Debt due after one year	(443,315)	109,074	-	10,992	(323,249)
Finance leases	(205,301)	1,387	-	7,303	(196,611)
	3,201,884	(1,301,711)	1,322,668	(37,070)	3,185,771

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of preparation

The directors are fully aware of their duty to assess the Group and Company's going concern status and have attended to this with particular care in consideration of the current economic outlook. This has been discussed further in the directors' report on page 3.

Based on the relationship between this company and the parent company, the directors of the company have sought and received an expression of the parent company's intention to provide such support as may be necessary for the foreseeable future. In relying on this parent company support, the directors have considered Ginton Limited's ability to continue to provide this support and have concluded that it is satisfactory. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accounting period

The company makes its accounts up to the month end date prior to the company's accounting reference date.

Consolidation and results

The group financial statements consolidate the results of all companies within the group up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date control passed. Acquisitions are accounted for under the acquisition method.

Goodwill and intangible fixed assets

For acquisition of a business, including an interest in an associated undertaking, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with a full year's charge for amortisation in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the period expected to benefit.

Negative goodwill in relation to an increase in stake in a joint venture resulting in it becoming a subsidiary is calculated in accordance with Financial Reporting Standard 2 (FRS 2) on a piecemeal basis. For each parcel of shares acquired, the cost of that parcel compared with the related share of net assets at fair value when acquired is used to calculate the negative goodwill. The difference between this calculation and the calculation giving goodwill based on the aggregate cost of the parcel of shares relates to the increase in the share of the net assets at fair value when acquired and is shown as a revaluation reserve. The principal directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under FRS 2. The financial effect of the departure from the statutory accounting rules is shown in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

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

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

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 substantively 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 group'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

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

Foreign exchange

The financial statements of the foreign subsidiaries are translated into sterling at the closing rate of exchange and the difference arising from the translation of the opening net investment in the subsidiaries at the closing rate is taken direct to reserves. Other translation differences are dealt with in the profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

Stocks

Stocks represent unsold club memberships and timeshare resorts under construction stated at the lower of cost and net realisable value. Cost is determined on an average basis and includes the costs of purchasing and furnishing the related accommodation.

Commercial stocks and maintenance stores are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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 in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The amount owed in respect of the current reporting period that has not been paid over to defined contribution pension schemes at year end is £2,967 (2011: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of discounts and Value Added Tax, the table below shows the split of turnover originating in the UK and Europe. Revenue relating to travel arrangements and similar bookings is recognised at the date of departure. The amounts derived from the sale of timeshare membership and freehold properties in addition to income derived from hospitality services and resort maintenance fees. The income from the sale of timeshare membership is recognised at the point of contract completion, allowing for cooling off periods where applicable. The income from freehold properties is recognised when the contract becomes irrevocable and binding. Income from hospitality services is recognised at the point of sale. Resort maintenance fee income is recognised as it falls due except for that received in respect of future years, which is deferred to the appropriate period. The split of turnover is given below.

	2012 £	2011 £
Turnover by geographical location		
UK	16,045,473	18,461,184
Rest of Europe	52,512,164	51,624,527
Rest of world	15,564,296	7,214,305
	<u>84,121,933</u>	<u>77,300,016</u>
 Turnover by business class		
Timeshare membership sold	19,608,718	25,299,639
Hospitality services	34,214,553	37,043,897
Real estate	22,200,402	5,379,841
Others	8,098,260	9,576,639
	<u>84,121,933</u>	<u>77,300,016</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012 £	2011 £
Directors' remuneration		
Remuneration for management services	179,792	200,550
Highest paid director		
Remuneration	124,792	128,845
Pension contributions	6,360	6,360
	131,152	135,205
1 director accrued benefits under defined contribution scheme (2011 1)		
	No.	No.
Average number of persons employed (including directors)		
Marketing and sales	156	351
Administration	602	539
	758	890
	2012 £	2011 £
Staff costs during the year (including directors)		
Wages and salaries	16,154,211	20,873,387
Social security costs	4,875,339	5,493,665
Pension contributions	585,378	88,549
	21,614,928	26,455,601

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

4 OPERATING PROFIT/(LOSS)

		2012 £	2011 £
Consolidated operating profit/(loss) is after charging/(crediting)			
Depreciation	10	921,805	1,507,045
Amortisation of negative goodwill	9	(91,187)	(91,187)
Hire of plant & machinery under operating leases		126,071	265,665
Hire of other assets under operating leases		541,571	1,178,741
Charges incurred under finance leases in the year		6,161	5,003
(Profit)/loss on sale of fixed assets		(29,734)	183,024
Auditor's remuneration			
Fees payable to the company's auditor for the audit of the company's annual accounts		6,000	6,000
- The audit of the Company's subsidiaries and other companies under common control pursuant to legislation		38,200	22,500
Non-audit fees			
- tax services		6,000	5,900

5 EXCEPTIONAL ITEMS

	2012 £	2011 £
Group restructuring	-	1,611,513

The company closed the UK sales decks in September 2011. As a result of this, there were significant one-off costs incurred including an onerous lease provision for the closed properties, impairments of the fixed assets held in the properties that could not be used elsewhere within the group, and staff redundancies.

6. NET INTEREST PAYABLE AND SIMILAR EXPENSES

	2012 £	2011 £
Interest payable		
Bank loans and overdrafts	(103,589)	(137,477)
All other loans	(23,157)	(5,002)
Interest receivable:		
From Group undertakings	19,073	24,522
Bank	9,798	24,803
Net interest payable and similar expenses	(97,875)	(93,154)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012 £	2011 £
Current taxation		
United Kingdom corporation tax at 24.5% (2011: 26.5%) based on the profit/(loss) for the year	-	-
Overseas tax	523,843	127,456
Group Relief Surrendered	-	(827,591)
Total current tax charge/(credit)	<u>523,843</u>	<u>(700,135)</u>
Deferred taxation		
Origination and reversal of timing differences	696	794
Effect of reduction in corporation tax rate	981	386
Total deferred tax charge	<u>1,677</u>	<u>1,180</u>
Tax on profit/(loss) on ordinary activities charge/(credit)	<u>525,520</u>	<u>(698,955)</u>

The tax charge for the year is higher (2011: higher) than that resulting from applying the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	2012 £	2011 £
Group profit/(loss) on ordinary activities before taxation	1,253,381	(3,803,019)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	307,078	(1,007,800)
Effect of:		
Expenses not deductible for tax purposes	(20,818)	(261,421)
Capital allowances less than depreciation	9,237	87,777
Group relief surrendered for nil consideration	87,814	22,988
Unrelieved group losses carried forward	43,997	338,909
Other	98,212	119,412
Total current tax charge/(credit)	<u>525,520</u>	<u>(700,135)</u>

Finance Act 2012, which was substantively enacted in July 2012, included provisions to reduce the rate of corporation tax to 24% with effect from 1 April 2012 and 23% with effect from 1 April 2013. Accordingly, deferred tax balances have been revalued to the lower rate of 23% in these accounts.

The government has announced that it intends to further reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. As this legislation was not substantively enacted by 31 December 2012, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts. If the deferred tax assets and liabilities of the group were all to reverse after 1 April 2015, the effect of the future changes from 23% to 20% would be to reduce the net deferred tax asset by £309. To the extent that the deferred tax reverses more quickly than this the impact on the net deferred tax asset will be reduced.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

8. ACQUISITIONS

On the 1st January the Group acquired the trade and assets of Prime Properties Group plc (a fellow subsidiary of Ginton Limited, the ultimate parent company) for £97,686 which is to be settled through amounts owed to other group companies

The following table sets out the book values of the identifiable assets and liabilities acquired. The book value is deemed appropriate consideration by the Directors for the trade and assets of Prime Properties Group plc

	Book value £
Fixed assets	
Tangible fixed assets	7,080
Current assets	
Stock and work in progress	5,656,136
Debtors	2,093,356
Cash at bank and in hand	1,322,669
	<hr/>
Total assets	9,079,241
Creditors	(8,981,555)
	<hr/>
Net assets	97,686
	<hr/>
Consideration	97,686
	<hr/>
Net cash inflows in respect of the acquisition comprised	£
	<hr/>
Cash at bank and in hand	1,322,669
	<hr/>

9. INTANGIBLE FIXED ASSETS

	Negative goodwill £
The Group	
Cost	
At 1 January 2012 and 31 December 2012	(911,869)
	<hr/>
Accumulated amortisation	
At 1 January 2012	182,374
Charge for the year	91,187
	<hr/>
At 31 December 2012	273,561
	<hr/>
Net book value	
At 31 December 2012	(638,308)
	<hr/>
At 31 December 2011	(729,495)
	<hr/>

Negative goodwill is being amortised in the periods in which the acquired non-monetary assets are recovered through depreciation

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

10. TANGIBLE FIXED ASSETS

The Group	Leasehold Improvements £	Fixtures & Fittings £	Fixtures & Fittings – Leased £	Total £
Cost				
At 1 January 2012	2,155,206	7,851,560	509,575	10,516,341
Exchange movements	(44,670)	(192,659)	-	(237,329)
Additions	363,857	631,960	-	995,817
Transfer of trade & assets	-	98,175	-	98,175
Disposals	(100,190)	(536,209)	-	(636,399)
At 31 December 2012	<u>2,374,203</u>	<u>7,852,827</u>	<u>509,575</u>	<u>10,736,605</u>
Accumulated depreciation				
At 1 January 2012	800,418	5,888,463	230,040	6,918,921
Exchange movements	(8,037)	(137,220)	-	(145,257)
Charge for the year	125,229	699,318	97,258	921,805
Transfer of trade & assets	-	91,095	-	91,095
Disposals	(24,809)	(564,100)	-	(588,909)
At 31 December 2012	<u>892,801</u>	<u>5,977,556</u>	<u>327,298</u>	<u>7,197,655</u>
Net book value				
At 31 December 2012	<u>1,481,402</u>	<u>1,875,271</u>	<u>182,277</u>	<u>3,538,950</u>
At 31 December 2011	<u>1,354,788</u>	<u>1,963,097</u>	<u>279,535</u>	<u>3,597,420</u>

The Company	Leasehold Improvements £	Fixtures & fittings £	Total £
Cost			
At 1 January 2012	375,277	581,339	956,616
Additions	95,500	35,927	131,427
Transfer of trade & assets	-	98,175	98,175
Disposals	-	(49,969)	(49,969)
At 31 December 2012	<u>470,777</u>	<u>665,472</u>	<u>1,136,249</u>
Accumulated depreciation			
At 1 January 2012	297,511	532,007	829,518
Charge for the year	25,274	53,765	79,039
Transfer of trade & assets	-	91,095	91,095
Disposals	-	(47,717)	(47,717)
At 31 December 2012	<u>322,785</u>	<u>629,150</u>	<u>951,935</u>
Net book value			
At 31 December 2012	<u>147,992</u>	<u>36,322</u>	<u>184,314</u>
At 31 December 2011	<u>77,766</u>	<u>49,332</u>	<u>127,098</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

11. INVESTMENTS HELD AS FIXED ASSETS

	Company £
Shares in subsidiary undertakings (see note 22)	
Cost	
At 1 January 2012	929,398
Disposals	(6,769)
	<u>922,629</u>
At 31 December 2012	<u>922,629</u>

The disposals in the year relate purely to the dissolution of Giraffe Consumer Promotions Limited, Sunbreaks Limited and Sol Show Italia as detailed in Note 22

12. STOCKS

	Group 2012 £	2011 £	Company 2012 £	2011 £
Timeshare weeks and freehold apartments	9,513,337	10,682,499	1,824,490	-
Consumables	952,589	814,334	256,042	111,097
	<u>10,465,926</u>	<u>11,496,833</u>	<u>2,080,532</u>	<u>111,097</u>

There is no material difference between the value per the balance sheet and the replacement cost

13. DEBTORS

	Group 2012 £	2011 £	Company 2012 £	2011 £
Trade debtors	2,968,180	1,108,269	524,149	381,240
Amounts owed by group companies	8,485,759	9,487,068	6,270,516	7,766,346
Amounts owed by related undertakings	1,498,437	307,214	2,580,678	224,142
Other debtors	3,840,660	2,877,365	1,416,409	347,440
Other taxes and social security	197,749	-	197,749	-
Corporation tax	356,100	302,811	-	-
Prepayments and accrued income	1,972,111	2,149,611	659,025	178,150
Deferred tax asset (note 16)	2,366	4,043	-	-
	<u>19,321,362</u>	<u>16,236,381</u>	<u>11,648,526</u>	<u>8,897,318</u>

Included within other debtors is £Nil (2011 £5,970) due from R Bratt, director of the Company. There are also amounts due to Roy Peires of £2,259 (2011 £22,959) and the estate of Sam Peires of £309 (2011 £11,843), both related parties of the Group

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Mortgages	1,998,861	2,418,720	-	-
Bank loans and overdrafts	-	3,660	-	3,660
Obligations under finance leases	84,265	116,106	-	-
Trade creditors	2,656,953	1,127,293	304,002	132,270
Amounts owed to group companies	19,500,559	18,251,077	17,021,708	18,108,274
Amounts owed to related undertakings	2,615,566	3,934,882	1,939,525	-
Other taxes and social security	879,803	585,202	-	6,199
Other creditors	4,351,751	4,314,192	1,287,680	379,538
FHF cancellation provision	699,973	1,236,477	699,973	1,236,477
Accruals and deferred income	14,314,884	14,344,182	3,251,378	971,591
	<u>47,102,615</u>	<u>46,331,791</u>	<u>24,504,266</u>	<u>20,838,009</u>

15. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Mortgages	323,249	443,315	-	-
Obligations under finance leases	112,347	89,195	-	-
Other Creditors	288,289	-	-	-
	<u>723,885</u>	<u>532,510</u>	<u>-</u>	<u>-</u>

The mortgage and finance lease liabilities noted above are secured upon the various assets to which the liabilities relate

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Analysis of borrowings:				
Borrowings due				
Within one year	2,083,126	2,538,486	-	3,660
Between 2 and 5 years	435,596	532,510	-	-
	<u>2,518,722</u>	<u>3,070,996</u>	<u>-</u>	<u>3,660</u>

16. DEFERRED TAXATION

	2012	2011
	£	£
Deferred asset		
At 1 January 2012	4,043	5,223
Credit to profit and loss account	(696)	(794)
Effect of reduction in corporation tax rate	(981)	(386)
At 31 December 2012	<u>2,366</u>	<u>4,043</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

16. DEFERRED TAXATION (continued)

Analysis of deferred taxation

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Capital allowances in excess of depreciation	<u>(2,366)</u>	<u>(4,043)</u>	<u>-</u>	<u>-</u>

The Company

A potential deferred tax asset of £1,727,534 (2011 £1,834,596) relating to trading losses has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if there are sufficient future profits of the same trade to utilise the losses.

The Group

The deferred tax asset has been recognised for a subsidiary company because, on the basis of historical and current profitability, the directors consider it more likely than not that there will be sufficient future taxable profits against which the timing differences giving rise to the deferred tax asset can be offset.

A potential deferred tax asset of £1,755,442 (2011 £1,623,502) in respect of trading losses carried forward and accelerated capital allowances in the company and its subsidiary companies has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if there were sufficient future taxable profits in the subsidiaries.

17. CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

18. RESERVES

	Profit and loss account	Merger Reserve	Total
	£	£	£
Group			
At 1 January 2012	(9,702,491)	(787,791)	(10,490,282)
Profit for the financial year	727,861	-	727,861
Foreign currency translation account	(171,657)	-	(171,657)
At 31 December 2012	<u>(9,146,287)</u>	<u>(787,791)</u>	<u>(9,934,078)</u>
	Profit and loss account		
	£		
Company			
At 1 January 2012	(10,853,257)		
Profit for the financial year	<u>1,096,034</u>		
At 31 December 2012	<u>(9,757,223)</u>		

As permitted by Section 480 of the Companies Act 2006 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 £1,096,034 (2011: loss of £3,770,577)

19. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group and Company had no capital commitments at 31 December 2012 (2011 - £nil)

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

Operating lease commitments Group and Company	Land and Buildings 2012 £	Land and Buildings 2011 £	Plant and Motor Vehicles 2012 £	Plant and Motor Vehicles 2011 £
Leases which expire				
Within one year	953,749	290,281	54,728	50,297
Within two to five years	517,177	738,340	38,021	41,551
Over 5 years	133,632	-	-	-
	<u>1,604,558</u>	<u>1,028,621</u>	<u>92,749</u>	<u>91,848</u>

At 31 December 2012 the group had contingent liabilities in respect of counter indemnities given in the normal course of business, in relation to the Civil Aviation Authority and ABTA travel bonds amounting to £381,535 (2011: £274,255)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

20 ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

Club La Costa (UK) PLC is a wholly owned subsidiary of CLC Resort Developments Limited, a company incorporated in the Isle of Man. The ultimate parent company is Ginton Limited, a company incorporated in the Isle of Man.

The Company and the Group are under the control of Cavendish Trustees Limited.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

21 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	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
Group companies.						
CLC Resort Developments Limited	(4,931,497)	(1,462,053)	1,791,205	2,937,278	(19,326,000)	(17,272,008)
CLC Resort Management Limited	(681,417)	-	706,582	1,999,602	3,412,892	1,484,406
Duchally House Leisure Limited	(209,027)	(1,056,367)	2,728	6,790	(10,782)	(48,846)
Trenythor Manor Leisure Limited	(703,000)	(1,335,341)	1,509	173	(37,287)	(52,385)
Hustyns Leisure Limited	(277,277)	(1,605,130)	1,329	1,114	(26,699)	(51,598)
Sprucebridge Limited	-	(1,519,658)	-	-	-	(51,217)
Club La Costa Leisure Limited	-	-	2,523,289	14,407,176	-	2,471,657
CLC Estates Limited	-	-	-	-	360,942	360,011
Caulston Limited	(250,000)	(250,000)	28,964	31,349	2,390	(775,023)
Jojo Management Limited	-	-	-	-	-	380
Prime Properties Group plc	-	-	-	-	-	884,867
Braco Developments Limited	-	-	-	168,274	(97,686)	-
III Hotelbetriebs	-	-	-	-	-	465
Remisol SA	(1,697,217)	4,581	424	-	34,066	3,229
California Beach Premises SL	(62,683)	(838,314)	224,837	200,685	1,318,340	1,075,572
Ienerife Premises SL	(52,899)	(54,569)	4,757	4,363	484,557	538,081
Tenerife Owning SL	-	(46,052)	-	-	287	4,600
Tenerife PV Commercial Premises SL	(149,674)	(130,299)	-	-	1,199,614	1,218,200
ATRM	-	-	-	-	172,850	163,470
Puerto Properties SA	(220,167)	(191,667)	4,405	-	(2,105)	3,214
Andalusian Premises S A	(76,953)	(66,992)	4,757	3,926	1,091,808	914,815
KTRM	(470,069)	-	-	4,363	310,327	363,137
IDS Leisure Limited	-	-	-	-	-	964
Gare Limited	-	-	-	-	-	-
	-	-	-	-	97,686	-

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2012**

21 RELATED PARTY TRANSACTIONS (continued)

During the year the group made the following related party transactions

Related party	Operating costs/ recharges		Sales to related party		Amount owed (to)/by related party at year end	
	2012 £	2011 £	2012 £	2011 £	2012 £	2011 £
Companies under common control (related undertakings)						
First Holiday Finance Limited	-	-	-	-	-	222,818
Club La Costa plc	-	-	-	-	(388,310)	(391,310)
Abbeystone Limited	-	-	(1,542)	-	-	15,971
LLC 3 Sails Plus	(19,959)	-	-	-	-	20,637
Real Estate Promotions Limited	(3,077,860)	(1,033,049)	20,410	-	(1,453,119)	(1,659,332)
Club La Costa SL	-	-	-	-	(15,752)	(16,236)
Club La Costa Las Farolas SL	(6,362)	(5,751)	-	-	(420,780)	(425,149)
Crooksbury Hill S L U	-	-	-	-	(138,662)	(142,188)
CLC Investments Limited	-	-	-	-	(182,367)	29,742
CLC Operaciones SL/Spain	-	-	-	-	127	61
Holiday Leisure Limited	-	-	1,010,712	-	(3,794)	(1,300,667)
Reymonte SL	(184,269)	(150,384)	5,212	4,799	(12,782)	460
Hustyns Development Limited	-	-	-	-	-	16,201
Bellanova Limited	-	-	-	-	1,599	1,324
Ascension Limited	-	-	1,146,538	-	1,015,355	-
DPI Gayrimenkul VE Turizm	-	-	-	-	481,356	-

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

22 ADDITIONAL INFORMATION ON SUBSIDIARIES

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

Incorporated in England and Wales

Giraffe Consumer Promotions Limited (Dissolved June 2012)

Ambassador Holidays Limited

Sunbreaks Limited (Dissolved July 2012)

Exclusive Lifestyle Passport Limited

Metavale Services Limited

Sunway Leisure Limited

Davish Enterprises Limited

Incorporated in Portugal

Sol Show – Actividades Hotelarias e Turisticas, Unipessoal Lda

Incorporated in Italy

Sol Show Italia (Dissolved November 2012)

Incorporated in Ireland

European Resorts Management Limited

Incorporated in Spain

European Resorts & Hotels SL

Marina Del Sol Management SL

Rushbrook SL

California Beach Hotel SA

Paradise Trading SL

Mantenerfie SL

Picadilly Investments SA

Tenerife Resorts Management SL

Sunbreaks SA

Continental Resort Services SL

Continental Telemarketing Services SL

Corporative Management Services SL

California Beach Management SL

Genius Property Management SL

Aldgate Investments SA

Clearwater Yachts SL

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

22. ADDITIONAL INFORMATION ON SUBSIDIARIES (continued)

Incorporated in USA

Resort Management (USA) INC (Dissolved November 2012)
CLC Resorts & Developments INC
CLC Resorts & Developments Encantada LLC
CLC Resort Management LLC
CLC Regal Oaks LLC
CLC Fractional LLC

Incorporated in Gibraltar

Jasley Holdings Limited

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