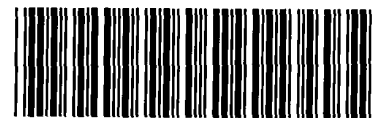


Company Registration No. 3123199

CLUB LA COSTA (UK) PLC

**Annual Report and Financial Statements
For the year ended 31 December 2016**

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2016

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CLUB LA COSTA (UK) PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Bratt
E Revivo
D Fairbrother
G Bruce

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

PCB Lawyers LLP
70 Baker Street
London
W1U 7DL

Hamblins LLP
Roxburghe House
273-287 Regent Street
London W1B 2AD

AUDITOR

Deloitte LLP
Statutory Auditor
Horton House
Exchange Flags
Liverpool
L2 3PG
United Kingdom

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2016.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Club la Costa (UK) plc and its subsidiary undertakings when viewed as a whole.

REVIEW OF THE BUSINESS

The year ended 31st December 2016 has been a challenging one for the Group marked by Sterling weakness in the second half of the year following the outcome of the EU referendum in the U.K. This has had an adverse impact on the performance of the Real Estate and Timeshare business. The impact of a higher Sterling cost from Euro based expenditure (caused purely by exchange rate movements) was significant for the financial statements as a whole and so needs to be taken into account by readers in interpreting financial variances year on year.

The Group will continue to be affected by these factors in the short term, but the Directors remain confident of the Group's opportunities in the long term. According to OECD estimates, world GDP is forecast to grow by 3.2 percent in 2017. The travel and tourism sector continues to grow ahead of the global economy and is expected to grow 4 percent on average annually over the next ten years, according to industry forecasts. Customers' desire for traveling abroad is back to pre-recession levels, supported by a reduction in the oil price..

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 key financial performance indicators during the year were as follows:

	2016	Restated 2015	Change
	£	£	%
Turnover	67,772,051	75,085,989	(10%)
Group operating (loss)/profit	(4,186,700)	4,076,168	(203%)
Equity shareholders' deficit	(6,005,841)	(4,058,613)	(48%)
Current assets as % of current liabilities ('quick ratio')	100%	102%	(2%)

Turnover has decreased by 10% during the year, this primarily driven by Real Estate sales of only £11,602,775 in 2016 compared to £19,719,765 in 2015 (a decrease of 41%). The impact of this variance is significant for the financial statements as a whole and so needs to be taken into account by readers in interpreting financial variances year on year. As shown in note 3, Timeshare turnover showed a decrease of £2,768,559, due to a reduction in the efficiencies of some of our main sales programs following Brexit.

Total operating profit moved from a profit of £4,076,168 in 2015 to a loss of £4,186,700 during the year. This was mainly caused by a drop in the volume of sales alongside the drop in the Sterling rate vs the Euro of 13%. Timeshare revenue is denominated in Sterling but much of its cost base is in Euros as the main resorts fulfilling marketing accommodation needs are located in Mainland Spain and Tenerife.

The Group's 'quick ratio' (current assets as a percentage of current liabilities) has decreased versus the prior year mainly as a result of the lower timeshare and real estate sales.

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.

STRATEGIC REPORT (continued)

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.

Financial risk management

Financial instruments

The financial risk relating to the business of the Group is considered to be low as the company is funded through its retained cash and external finance.

The Group's principal financial instruments comprise cash balances and long-term and short-term debt finance.

The directors have considered and reviewed the provisions included within the Companies Act 2006, relating to the financial risk management objectives and policies of the company.

Market risk

As part of the review, the directors have also considered the exposure of the company to market risk in order that an overall assessment can be made of the company's assets, liabilities, its financial position and its results for the period. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Exchange rate risk

One of the principal risks to the Group is that related to currency exchange fluctuations. The Group has operations worldwide which expose it to fluctuations in foreign exchange rates on cash flows. The Group reviews currency exchange rates daily and make future cash-flow projections in Euros and Dollars to mitigate the exchange rate risk. Normally no hedging of currencies of any type is employed by the Group.

Legislative risk

The Group operates worldwide and clearly there is an exposure to changes in the local legislation and interpretations by the Courts in each country however, the Group retains top local lawyers to assist in ensuring compliance and/or in implementing changes to meet the new requirements. In addition, in holiday product transactions in the EU, the Group tries to standardise its consumer contracts by using English law in its sales to British residents thereby ensuring the contractual paperwork is as transparent as possible for the consumer. The Group also selects experienced local managers and staff which, when supported by a centralised strategy, improves local compliance.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

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 2016. The Group remains in a strong position to take advantage of acquisition and growth opportunities.

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



R J Bratt, Director

13 June 2017

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2016.

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.

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.

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 financial statements.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 9 and shows the profit for the year. The loss for the year before taxation amounted to £3,617,225 (2015: profit of £4,091,054).

The directors cannot recommend payment of a final dividend (2015: same). The loss of £3,617,225 (2015: profit of £4,091,054) has been transferred (from)/to reserves.

DIRECTORS

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

EMPLOYEES

The average headcount within the Group is in line with 2015, 742 in 2015 versus 782 in 2016.

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 2016 were 3 days (2015: 8 days).

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.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The Group has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK. The branch called "Club La Costa (UK) Plc Sucursal en España" is based in Spain.

MATTERS INCLUDED IN THE STRATEGIC REPORT

In accordance with s414(C) (11) of the Companies Act, included in the Strategic report is information relating to the financial risk management and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Director's report.

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

13 June 2017

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 group and 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 financial statements of Club la Costa (UK) plc for the year ended 31 December 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 group's and the parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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's and of the parent company's affairs as at 31 December 2016 and of the group's loss 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Timothy Edge BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

13 June 2017

CLUB LA COSTA (UK) PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Note	2016 £	Restated (See note 22) 2015 £
TURNOVER	3	67,772,051	75,085,989
Cost of sales		(17,048,381)	(23,536,387)
GROSS PROFIT		<u>50,723,670</u>	<u>51,549,602</u>
Administrative expenses		(54,910,370)	(47,473,434)
OPERATING (LOSS)/PROFIT	5	<u>(4,186,700)</u>	<u>4,076,168</u>
Finance (costs) / income (net)	6	(61,970)	204,856
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,248,670)</u>	<u>4,281,024</u>
Tax credit/(charge) on (loss)/profit on ordinary activities	7	631,445	(189,970)
(LOSS)/PROFIT FOR THE YEAR		<u><u>(3,617,225)</u></u>	<u><u>4,091,054</u></u>

The above results are all derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016 £	Restated (See note 22) 2015 £
(Loss)/profit for the financial year	(3,617,225)	4,091,054
Currency translation differences on foreign currency subsidiaries	1,669,997	(69,156)
Other comprehensive income/(expense)	1,669,997	(69,156)
Total comprehensive (expense)/income	<u>(1,947,228)</u>	<u>4,021,898</u>

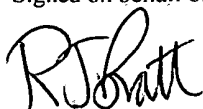
CLUB LA COSTA (UK) PLC

CONSOLIDATED BALANCE SHEET
As at 31 December 2016

	Note	2016 £	Restated (See note 22) 2015 £
NON-CURRENT ASSETS			
Negative goodwill	8	(273,560)	(364,747)
Tangible fixed assets	9	9,650,132	8,000,962
		<u>9,376,572</u>	<u>7,636,215</u>
CURRENT ASSETS			
Stocks	11	14,195,250	13,862,727
Debtors	12	17,332,181	13,681,091
Cash at bank and in hand		6,117,705	7,555,140
		<u>37,645,136</u>	<u>35,098,958</u>
CREDITORS: amounts falling due within one year	13	<u>(37,787,986)</u>	<u>(34,341,398)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(142,850)</u>	<u>757,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,233,722</u>	<u>8,393,775</u>
CREDITORS: amounts falling due in more than one year	14	<u>(15,239,563)</u>	<u>(12,452,388)</u>
NET LIABILITIES		<u>(6,005,841)</u>	<u>(4,058,613)</u>
CAPITAL AND RESERVES			
Called up share capital	16	500,000	500,000
Merger reserve		(787,791)	(787,791)
Profit and loss account		<u>(5,718,050)</u>	<u>(3,770,822)</u>
TOTAL SHAREHOLDER'S DEFICIT		<u>(6,005,841)</u>	<u>(4,058,613)</u>

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 13 June 2017.

Signed on behalf of the Board of Directors



R J Bratt, Director

CLUB LA COSTA (UK) PLC

COMPANY BALANCE SHEET
As at 31 December 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	9	1,098,285	594,811
Investments	10	1,003,069	1,003,069
		<u>2,101,354</u>	<u>1,597,880</u>
CURRENT ASSETS			
Stocks	11	1,188,548	1,274,883
Debtors	12	19,900,169	18,135,972
Cash at bank and in hand		2,673,294	3,067,145
		<u>23,762,011</u>	<u>22,478,000</u>
CREDITORS: amounts falling due within one year	13	(32,835,764)	(30,092,743)
NET CURRENT LIABILITIES		<u>(9,073,753)</u>	<u>(7,614,743)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(6,972,399)</u>	<u>(6,016,863)</u>
CREDITORS: amounts falling due in more than one year	14	(2,289,496)	(410,163)
NET LIABILITIES		<u>(9,261,895)</u>	<u>(6,427,026)</u>
CAPITAL AND RESERVES			
Called up share capital	16	500,000	500,000
Profit and loss account		(9,761,895)	(6,927,026)
TOTAL SHAREHOLDER'S DEFICIT		<u>(9,261,895)</u>	<u>(6,427,026)</u>

The company reported a (loss)/profit for the financial year ended 31 December 2016 of (£2,895,186) (2015:£946,608)

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 13 June 2017.

Signed on behalf of the Board of Directors

R J Bratt

R J Bratt, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Called-up Share Capital £	Merger reserve £	Profit and loss account £	Total £
At 1 January 2015	500,000	(787,791)	(7,792,720)	(8,080,511)
Profit for the year	-	-	4,091,054	4,091,054
Other comprehensive expense	-	-	(69,156)	(69,156)
Total comprehensive income	-	-	4,021,898	4,021,898
At 31 December 2015 as restated	500,000	(787,791)	(3,770,822)	(4,058,613)
Loss for the year	-	-	(3,617,225)	(3,617,225)
Other comprehensive income	-	-	1,669,997	1,669,997
Total comprehensive expense	-	-	(1,947,228)	(1,947,228)
At 31 December 2016	500,000	(787,791)	(5,718,050)	(6,005,841)

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Called-up Share Capital £	Profit and loss account £	Total £
At 1 January 2015	500,000	(7,873,634)	(7,373,634)
Profit for the year	-	946,608	946,608
Total comprehensive income	-	946,608	946,608
At 31 December 2015	500,000	(6,927,026)	(6,427,026)
Loss for the year	-	(2,895,186)	(2,895,186)
Other comprehensive expense	-	60,317	60,317
Total comprehensive expense	-	(2,834,869)	(2,834,869)
At 31 December 2016	500,000	(9,761,895)	(9,261,895)

CLUB LA COSTA (UK) PLC

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2016

			Restated (See note 22)
	Note	2016 £	2015 £
Net cash flows from operating activities	18	(1,244,456)	1,665,240
Cash flows from investing activities			
Proceeds from sale of equipment		59,202	210,389
Purchase of equipment		(1,201,988)	(1,013,371)
Interest received		689,779	773,308
Net cash flows from investing activities		(453,007)	(29,674)
Cash flows from financing activities			
Repayments of borrowings		-	(53,299)
Repayments of obligations under finance lease		27,763	(98,288)
Interest paid		(751,750)	(568,452)
Net cash flows from financing activities		(723,987)	(720,039)
Net (decrease)/increase in cash and cash equivalents		(2,421,450)	915,527
Cash and cash equivalents at beginning of year		7,555,140	6,675,969
Net (decrease)/increase in cash and cash equivalents		(2,421,450)	915,527
Effect of foreign exchange rate changes		984,015	(36,356)
Cash and cash equivalents at end of year		6,117,705	7,555,140

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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.

General information and basis of accounting

The company is limited by private shares in the United Kingdom and is a PLC by name only.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments as detailed in Note 22.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

As permitted by Section 408 of the Companies Act 2006, no company's individual profit and loss account is presented.

Going concern

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 4.

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 Grinton 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

For acquisition of a business, 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. Provision is made for any impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

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

Investments

Investments in subsidiaries are carried at cost less any impairment losses. Where investments in subsidiaries are considered to be impaired, the recoverable amount is determined based on expected cash flows to be received from the subsidiaries. Income is recognised from these investments in relation to distributions received.

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 2016

1. ACCOUNTING POLICIES (continued)

Financial instruments

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

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 £nil (2015: £nil).

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Timeshare stock valuation

As stated in accounting policies, stocks include unsold club memberships and holiday resorts under construction stated at the lower of cost and net realisable value. Each year stock is acquired mainly as follows:

- New built internally, where the Group build the property, in this case the value of the stock is the actual construction cost.
- Purchase of weeks in other resorts, which is valued at acquisition cost.
- Default process, where clients are defaulted for non-payment of Management fees. In this case the Developer buys these weeks back from the Management Company for an agreed price, not exceeding the outstanding Management fees.
- Surrender of weeks or points, where the client gives up the rights to his membership, are valued at zero (because there is no outstanding debt).

Considering the acquisition valuation methods explained above, each year the total valuation will be subject to the mix of the stock available for sale at the end of the year. In making its judgement, management considered the detailed criteria for the Timeshare stock valuation set out in FRS 102 Section 13 Inventories.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

3. 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:

	2016 £	Restated (See note 22) 2015 £
Turnover by geographical location		
UK	11,153,062	7,909,115
Rest of Europe	43,159,201	45,075,508
Rest of World	13,459,788	22,101,366
	<u>67,772,051</u>	<u>75,085,989</u>
Turnover by business class		
Timeshare membership sold	36,314,464	39,083,023
Hospitality services	11,302,079	9,251,699
Real estate	11,602,775	19,719,765
Others	8,552,733	7,031,502
	<u>67,772,051</u>	<u>75,085,989</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2016 £	2015 £
Directors' remuneration		
Remuneration for management services	520,419	462,494
Pension contributions	62,333	61,320
	<u>582,752</u>	<u>523,814</u>
Highest paid director:		
Remuneration	180,500	145,538
Pension contributions	-	7,980
	<u>180,500</u>	<u>153,518</u>

2 (2015: 2) directors are members of the Company pension scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2016 No.	2015 No.
Monthly average number of persons employed (including directors and employees working outside the UK)		
Marketing and sales	165	132
Administration	617	610
	<u>782</u>	<u>742</u>
	2016 £	2015 £
Staff costs during the year (including directors)		
Wages and salaries	13,302,564	11,097,743
Social security costs	3,854,755	3,384,831
Pension contributions	112,696	86,318
	<u>17,270,015</u>	<u>14,568,892</u>

CLUB LA COSTA (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2016

5. OPERATING PROFIT

		2016 £	2015 £
Consolidated operating profit is after charging/(crediting):			
Depreciation	9	981,885	792,436
Amortisation of negative goodwill	8	(91,187)	(91,187)
Operating lease rentals		1,354,567	808,992
Loss on sale of fixed assets		15,173	45,454
Auditor's remuneration			
Fees payable to the company's auditor for the audit of the company's annual accounts		11,000	11,000
The audit of the Company's subsidiaries and other companies under common control pursuant to legislation		43,000	43,000
Non-audit fees – other taxation advisory services		6,000	6,000
Non-audit fees – taxation compliance services		-	-

6. FINANCE (COSTS) / INCOME (NET)

		2016 £'000	2015 £'000
Interest payable and similar charges		(751,749)	(568,452)
Less: Investment income		689,779	773,308
		<u>(61,970)</u>	<u>204,856</u>
Investment income			
		2016 £'000	2015 £'000
Income from current asset investments:			
Bank		646	1,107
Other interest receivable and similar income		689,133	772,201
		<u>689,779</u>	<u>773,308</u>
Interest payable and similar charges			
		2016 £'000	2015 £'000
On loans repayable by instalments:			
Bank loans		(218)	(3,215)
Finance lease interest		(9,158)	(11,223)
Other interest expense		(742,374)	(554,014)
		<u>(751,750)</u>	<u>(568,452)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
Current taxation		
United Kingdom corporation tax at 20% (2015: 20.25%) based on the profit for the year	40,952	-
Overseas tax	(7,515)	163,859
Total current tax charge	33,437	163,859
Deferred taxation		
Origination and reversal of timing differences	(664,882)	26,111
Total deferred tax (credit)/charge	(664,882)	26,111
Tax (credit)/charge on loss / profit on ordinary activities	(631,445)	189,970

The tax (credit)/charge for the year is lower (2015: lower) than that resulting from applying the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

	2016 £	Restated (See note 22) 2015 £
Group (loss)/profit on ordinary activities before taxation	(4,248,695)	4,281,024
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(849,739)	866,907
Effect of:		
(Income not taxable)/expenses not deductible for tax purposes	193,010	(58,801)
Difference between capital allowances and depreciation	(62,569)	(497,546)
Group relief claimed for nil consideration	430,746	(77,229)
Losses utilised	(18,373)	(82,222)
Effect of overseas tax rates	(324,520)	38,861
Total tax (credit)/charge	(631,445)	189,970

Legislation to reduce the main rate of UK corporation tax to 19% and 18% was passed by parliament on 26 October 2015 to take effect from 1 April 2017 and 1 April 2020. The reduction in the main rate to 18% had been substantively enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these financial statements at these prevailing rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

8. INTANGIBLE FIXED ASSETS

	Negative goodwill £
Cost	
At 1 January 2016 and 31 December 2016	(911,869)
Accumulated amortisation	
At 1 January 2016	547,122
Charge for the year	91,187
At 31 December 2016	638,309
Net book value	
At 31 December 2016	(273,560)
At 31 December 2015	(364,747)

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 2016

9. TANGIBLE FIXED ASSETS

The Group	Leasehold Improvements £	Fixtures & Fittings £	Fixtures & Fittings – Leased £	Total £
Cost				
At 1 January 2016	7,874,643	4,849,576	492,928	13,217,147
Exchange movements	1,392,650	699,994	25,377	2,118,021
Additions	412,649	596,388	192,951	1,201,988
Transfer	(100,854)	100,854	-	-
Disposals	(15,790)	(420,862)	(40,435)	(477,087)
At 31 December 2016	9,563,298	5,825,950	670,821	16,060,069
Accumulated depreciation				
At 1 January 2016	1,243,607	3,713,529	259,049	5,216,185
Exchange movements	109,627	547,130	(42,178)	614,579
Charge for the year	323,170	542,446	116,269	981,885
Disposals	(5,636)	(368,189)	(28,887)	(402,712)
At 31 December 2016	1,670,768	4,434,916	304,253	6,409,937
Net book value				
At 31 December 2016	7,892,530	1,391,034	366,568	9,650,132
At 31 December 2015	6,631,036	1,136,047	233,879	8,000,962

The Company	Leasehold improvements £	Fixtures & fittings £	Total £
Cost			
At 1 January 2016	803,678	1,129,974	1,933,652
Exchange movements	11,430	14,991	26,421
Additions	344,650	470,528	815,178
Disposals	-	(6,512)	(6,512)
At 31 December 2016	1,159,758	1,608,981	2,768,739
Accumulated depreciation			
At 1 January 2016	532,498	806,343	1,338,841
Exchange movements	225	979	1,204
Charge for the year	123,187	213,734	336,921
Disposals	-	(6,512)	(6,512)
At 31 December 2016	655,910	1,014,544	1,670,454
Net book value			
At 31 December 2016	503,848	594,437	1,098,285
At 31 December 2015	271,180	323,631	594,811

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

10. INVESTMENTS HELD AS FIXED ASSETS

	Company £
Shares in subsidiary undertakings (see note 21)	
Cost	
At 1 January 2016 and 31 December 2016	<u>1,003,069</u>

11. STOCKS

	Group		Company	
	2016	Restated (See note 22) 2015	2016	2015
	£	£	£	£
Timeshare weeks and freehold apartments	13,558,234	13,407,173	1,015,257	1,189,177
Consumables	637,016	455,554	173,291	85,706
	<u>14,195,250</u>	<u>13,862,727</u>	<u>1,188,548</u>	<u>1,274,883</u>

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

12. DEBTORS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	4,055,504	4,351,346	1,833,138	2,285,449
Amounts owed by group companies	4,529,407	2,866,865	13,211,905	13,380,180
Amounts owed by related undertakings	2,106,351	1,443,453	954,699	261,097
Other debtors	1,387,216	1,296,903	782,417	381,188
Other taxes and social security	1,979,215	1,399,729	1,921,956	1,247,976
Corporation tax	814,519	650,522	99,059	85,368
Prepayments and accrued income	1,793,359	1,670,545	428,383	494,714
Deferred tax asset (note 15)	666,610	1,728	668,612	-
	<u>17,332,181</u>	<u>13,681,091</u>	<u>19,900,169</u>	<u>18,135,972</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	Restated (See note 22) 2015	2016	2015
	£	£	£	£
Mortgages	1,028,654	457,891	-	-
Obligations under finance leases	68,702	82,878	11,688	-
Trade creditors	1,405,391	1,053,036	252,049	256,589
Amounts owed to group companies	19,378,884	16,015,679	29,932,962	26,505,233
Amounts owed to related undertakings	1,582,373	2,078,484	593,353	926,483
Other taxes and social security	530,938	428,777	167,011	-
Other creditors	3,081,542	4,069,795	1,084,454	1,445,050
Accruals and deferred income	10,711,502	10,154,858	794,247	959,388
	<u>37,787,986</u>	<u>34,341,398</u>	<u>32,835,764</u>	<u>30,092,743</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases	140,230	73,155	43,881	-
Other creditors	15,099,333	12,379,233	2,245,615	410,163
	<u>15,239,563</u>	<u>12,452,388</u>	<u>2,289,496</u>	<u>410,163</u>

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

Other creditors include a loan payable to Resort Management Finance Services Inc (ILG Group subsidiary) amounting to \$15,146,917 (£12,282,504) (2015: \$15,146,917 (£10,219,000)). This loan is secured against certain properties owned by the Combined Group and payable in full in 5 years. Annual interest of 6% is payable monthly.

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Analysis of borrowings:				
Leasing due				
Within one year	68,702	82,878	11,688	-
Between 2 and 5 years	140,230	73,155	43,881	-
Borrowings due				
Within one year	1,028,654	457,891	-	-
Between 2 and 5 years	12,282,504	10,219,000	-	-
	<u>13,520,090</u>	<u>10,832,924</u>	<u>55,569</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

15. DEFERRED TAXATION

	2016 £	2015 £
Deferred tax asset		
At 1 January	1,728	27,839
Credit/(charge) to profit and loss account	664,882	(26,111)
At 31 December	<u>666,610</u>	<u>1,728</u>
Analysis of deferred taxation		
	Group	Company
	2016	2015
	£	£
Capital allowances in excess of depreciation	(1,356)	(1,728)
Tax losses	667,966	-
	<u>666,610</u>	<u>(1,728)</u>
		<u>668,595</u>
		<u>-</u>

The Company

A potential deferred tax asset of £1,243,246 (2015: £1,354,525) 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 £1,273,880 (2015: £1,387,296) 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.

16. CALLED UP SHARE CAPITAL

	2016 £	2015 £
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 2016

17. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group and Company had no capital commitments at 31 December 2016 (2015 - £nil).

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

The Group:	Land and Buildings 2016 £	Land and Buildings 2015 £	Plant and Motor Vehicles 2016 £	Plant and Motor Vehicles 2015 £
Leases which expire:				
Within one year	849,441	1,411,792	75,269	93,352
Within two to five years	1,933,480	574,839	126,091	89,337
Over 5 years	-	-	-	-
	<u>2,782,921</u>	<u>1,986,631</u>	<u>201,360</u>	<u>182,689</u>

At 31 December 2016 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 £207,920 (2015 £218,000).

The Company:	Land and Buildings 2016 £	Land and Buildings 2015 £	Plant and Motor Vehicles 2016 £	Plant and Motor Vehicles 2015 £
Leases which expire:				
Within one year	512,688	640,198	75,269	93,352
Within two to five years	1,892,263	507,984	126,091	89,337
Over 5 years	-	-	-	-
	<u>2,404,951</u>	<u>-</u>	<u>201,360</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

18. CASH FLOW STATEMENT

Reconciliation of operating loss / profit to cash generated by operations:

	2016 £	2015 £
Operating (loss)/profit	(4,186,700)	4,076,168
Depreciation and amortisation	890,698	833,956
Loss on sale of tangible fixed assets	15,173	45,454
	<hr/>	<hr/>
Operating cash flow before movement in working capital	(3,280,829)	4,955,578
Decrease in stock	2,661,288	3,803,451
Decrease in debtors	2,764,615	595,345
Decrease in creditors	(3,320,241)	(7,435,253)
Taxation paid	(69,289)	(253,881)
	<hr/>	<hr/>
Cash (used in)/generated by operations	(1,244,456)	1,665,240
	<hr/>	<hr/>

19. 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 Glinton Limited, a company incorporated in the Isle of Man.

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

CLUB LA COSTA (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

20. 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	
	2016	2015	2016	2015	2016	2015
Group companies:	£	£	£	£	£	£
CLC Resort Developments Limited ¹	(6,950,488)	(9,485,584)	1,111,361	773,893	(19,067,705)	(14,447,336)
CLC Resort Management Limited ¹	(379,543)	(286,801)	1,266,410	1,506,421	204,835	204,332
Duchally House Leisure Limited ²	-	(80,349)	67,238	5,076	79,501	14,151
Trenythorpe Manor Leisure Limited ³	(737,092)	(60,409)	1,564	1,425	(42,087)	(4,767)
Hustyns Leisure Limited ³	(2,188)	(1,090,504)	78,000	1,733	77,230	(60,135)
Caulston Limited ¹	(250,000)	(250,000)	31,290	36,560	3,189	3,165
HF Hotelbetriebs ⁴	-	-	2,074	905	(412)	(234)
Remisol SA ⁵	(404,797)	(1,141,074)	36,374	40,262	1,391,325	721,983
California Beach Premises SL ⁶	(32,989)	(34,963)	-	6,020	379,914	353,420
Tenerife Premises SL ⁷	(14,297)	(14,958)	-	-	(214,585)	(140,804)
Tenerife Owning SL ⁷	-	-	-	-	1,310,588	1,114,303
Tenerife PV Commercial Premises SL ⁷	(54,385)	(57,086)	-	-	84,636	153,967
ATRM ⁸	-	-	-	-	(37,043)	(345)
Andalusian Premises S.A. ⁶	(34,672)	(36,747)	-	6,020	131,150	164,855
First Holiday Finance Limited ⁹	-	-	403,652	-	573,105	(1,298,290)
KTRM ¹⁰	-	(81,368)	261	11,196	(15,285)	9,183
Tinu Limited ¹	-	-	-	-	-	(63,768)
Gilinton Limited ¹	-	-	-	-	16,306	10,409
IDS Leisure Limited ³	(2,083,383)	(2,852,225)	150,000	-	277,628	114,914
Melsmore Limited ¹¹	(46,167)	(83,683)	-	-	(1,767)	2,183

CLUB LA COSTA (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2016

20. RELATED PARTY TRANSACTIONS (continued)

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	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Companies under common control (related undertakings):						
Club La Costa plc ³	-	-	-	-	(374,470)	(374,470)
Real Estate Promotions Limited ¹²	(1,894,249)	(3,060,042)	25,700	6,338	(77,575)	(24,033)
Club La Costa Las Farolas SL ⁶	-	(5,376)	-	-	-	-
Crooksbury Hill S.L.U. ⁶	-	-	-	-	-	(129,434)
CLC Investments Limited ¹	-	-	-	-	(186,004)	(161,028)
Holiday Leisure Limited ¹	(3,178)	(27,003)	-	-	(914,382)	(1,377,422)
Reymonte SL ¹³	(166,006)	(173,681)	-	6,559	(29,943)	(12,096)
Bellanova Limited ³	-	-	-	-	2,917	2,917
Ascension Limited ¹	-	-	-	-	59,182	57,068
Wellesley Limited ¹⁴	-	-	317,585	838,397	727,247	358,207
Puerto Properties SA ⁵	(192,709)	(204,240)	-	5,568	1,317,005	1,025,261

¹Registered office: 33 North Quay Douglas Isle of Man. British Isles. IM1 4LB

²Registered office: Gleneagles, Auchterarder PH3 1PN, United Kingdom

³Registered office: Hallswelle House, 1 Hallswelle Road London, NW11 0DH, United Kingdom

⁴Registered office: Harham 46, 5760 Saalfelden am Steinernen Meer, Austria

⁵Registered office: Pueblo Don Alberto Ctra Nacional 340 Km 206, 29649, Mijas Costa, Malaga, Spain

⁶Registered office: Urbanización Marina del Sol, 188, 29649, Mijas Costa, Malaga, Spain

⁷Registered office: Urb. Sunningdale Village Golf, 36820, San Miguel, Santa Cruz de Tenerife, Spain

⁸Registered office: Tatilkuyu Mevki, Bozbuik Koyu, 48200, Turkey

⁹Registered office: Athene House 86 The Broadway, Mill Hill, London, NW7 3TD, United Kingdom

¹⁰Registered office: Kemalpassa Mah Kiranta Mevkii, Soke, 09200, Turkey

¹¹Registered office: First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man

¹²Registered office: 6 Suffolk Street, Dublin 2, Ireland

¹³Registered office: Calle Finlandia, 8, San Eugenio Alto, Adeje, 38660, Santa Cruz de Tenerife, Spain

¹⁴Registered office: 123 Melita Street, Valletta, Malta

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

21. ADDITIONAL INFORMATION ON SUBSIDIARIES

The subsidiary companies of Club La Costa (UK) plc (a company incorporated in England and Wales), of which 100% of the ordinary shares are held, are:

Incorporated in England and Wales

Ambassador Holidays Limited
Metavale Services Limited (dissolved in April 2016)
Davish Enterprises Limited
Newdo Limited
Reservia Limited
Sunscape Holidays Limited

Registered office: Hallswelle House, 1 Hallswelle Road London, NW11 0DH, United Kingdom

Incorporated in Portugal

Sol Show – Actividades Hotelerias e Turisticas, Unipessoal Lda

Registered office: Rua Brito Capelo 1414, 4450-071 Matosinhos, Portugal

Incorporated in Ireland

European Resorts Management Limited

Registered office: 2nd Floor 6 Suffolk Street, Dublin 2, Ireland

Incorporated in Spain

European Resorts & Hotels SL*
Marina Del Sol Management SL*
Rushbrook SL**
California Beach Hotel SA*
Paradise Trading SL***
Mantenerife SL***
Picadilly Investments SA*
Tenerife Resorts Management SL**
Sunbreaks SA****
Continental Resort Services SL*****
Continental Telemarketing Services SL*
Corporate Management Services SL* (dissolved October 2016)
California Beach Management SL* (dissolved March 2016)
Genius Property Management SL* (dissolved March 2016)
Aldgate Investments SA* (dissolved March 2016)
Clearwater Yachts SL*
New Jasley SL*

*Registered office: Urbanización Marina del Sol, 188, 29649, Mijas Costa, Malaga, Spain

**Registered office: Urb. Sunningdale Village Golf, 36820, San Miguel, Santa Cruz de Tenerife, Spain

*** Registered office: Calle Finlandia, 8, San Eugenio Alto, Adeje, 38660, Santa Cruz de Tenerife, Spain

****Registered office: Urb. Polarsol, San Diego, Ground Floor, 29649, Mijas Costa, Malaga, Spain

*****Registered office: Avda. Los Playeros, 8, CC Cosmos II, Of. 53, Arona, Santa Cruz de Tenerife, Spain

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

21. ADDITIONAL INFORMATION ON SUBSIDIARIES (continued)

Incorporated in USA

CLC Resorts & Developments INC
CLC Resorts & Developments Encantada LLC
CLC Resort Management LLC
CLC Regal Oaks LLC
CLC Fractional LLC
CLC Exchange LLC
CLC Holdings LLC

Registered office: 3070 Secret Lake Drive, FL34747, Kissimmee, Florida, USA

Incorporated in Turkey

CLC Satis Pazarlama Ve Danismanlik Limited Sirketi

Registered office: Kemalpaşa Mahallesi, Kiranta Mevkii Soke, Aydın 09200, Turkey

The following UK subsidiaries will take advantage of the available audit exemption set out within section 479A of the Companies Act 2006 for the year to 31 December 2016:

Davish Enterprises Limited
Newdo Limited
Sunscape Holidays Limited
Reservia Limited

Registered office: Hallswelle House, 1 Hallswelle Road London, NW11 0DH, United Kingdom

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

22. PRIOR YEAR RESTATEMENT

The prior year results have been restated for two reasons;

- i. Revenue, cost of sales and administrative expenses have been restated to reclassify the recognition of £3,426,000 relating to US real estate sales recognised incorrectly during 2016 rather than 2015.
- ii. £133,000 has been written off related to certain fixed assets with a unit cost under US\$500 in order to comply with US tax requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

22. PRIOR YEAR RESTATEMENT (continued)

GROUP RECONCILIATION OF EQUITY AS AT 31 DECEMBER 2015

	Note	2015 £	Adjustments £	2015 Restated £
FIXED ASSETS				
Negative goodwill	8	(364,747)	-	(364,747)
Fixed assets	9	8,133,669	(132,707)	8,000,962
		7,768,922	(132,707)	7,636,215
CURRENT ASSETS				
Stocks	11	15,939,354	(2,076,627)	13,862,727
Debtors	12	13,681,091	-	13,681,091
Cash at bank and in hand		7,555,140	-	7,555,140
		37,175,585	(2,076,627)	35,098,958
CREDITORS: amounts falling due within one year	13	(37,366,378)	3,024,980	(34,341,398)
NET CURRENT LIABILITIES		(190,793)	948,353	757,560
TOTAL ASSETS LESS CURRENT LIABILITIES		7,578,129	815,646	8,393,775
CREDITORS: amounts falling due after more than one year	14	(12,452,388)	-	(12,452,388)
NET LIABILITIES		(4,874,259)	815,646	(4,058,613)
CAPITAL AND RESERVES				
Called up share capital	16	500,000	-	500,000
Merger reserve		(787,791)	-	(787,791)
Profit and loss account		(4,586,468)	815,646	(3,770,822)
TOTAL SHAREHOLDER'S DEFICIT		(4,874,259)	815,646	(4,058,613)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

22. PRIOR YEAR RESTATEMENT (continued)

GROUP RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	Adjustments £	2015 Restated £
TURNOVER	3	71,659,863	3,426,126	75,085,989
Cost of sales		(21,203,776)	(2,332,611)	(23,536,387)
GROSS PROFIT		50,456,087	1,093,515	51,549,602
Administrative expenses		(47,195,565)	(277,869)	(47,473,434)
OPERATING PROFIT	5	3,260,522	815,646	4,076,168
Finance income (net)	6	204,856	-	204,856
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,465,378	815,646	4,281,024
Tax charge on profit on ordinary activities	7	(189,970)	-	(189,970)
PROFIT FOR THE YEAR		3,275,408	815,646	4,091,054

ADDITIONAL INFORMATION

Year ended 31 December 2016

ADDITIONAL INFORMATION

As discussed in the Director's Report, the Company has a branch in Spain, named "Club La Costa (UK) Plc Sucursal en España" in the current year. The principal activity of the branch is the promotion and sale of fractional interests and vacation products. The branch losses for the year before taxation amount to £4,554,586 (€5,337,975) (2015 profits: £496,823 (€675,645)). This disclosure does not form part of the statutory financial statements.