Company Registration No. 3123199

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CLUB LA COSTA (UK) PLC

Annual Report and Financial Statements

For the year ended 31 December 2019

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2019

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Fairbrother
E Revivo
G Bruce (resigned 15/05/2020)
Graham Wilding (appointed 15/05/2020)
H O'Donnell

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AUDITOR

Deloitte LLP
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STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

This strategic report has been prepared for the Group, formed by Club la Costa (UK) PLC and its subsidiaries 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 significant increase in revenue in 2019 is mainly due to increase in real estate revenue from sales of properties in Turkey and the continued success of the marketing activity in the UK due to the 4 existing travel centres.

The Directors consider that 2019 has been a very promising year with success and further growth was expected in 2020 before the COVID-19 pandemic, see principal risks and uncertainties below. During 2019 the group has refinanced a loan payable to Resort Management Finance Inc, an ILG (Interval Leisure Group) subsidiary amounting to \$32,146,917 (£25,233,645) through the subscription of a syndicate loan with the four main Spanish financial entities by Resort Solutions Europe Limited, a CLC Group company which amounts to £22,533,562.

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:

	2019 £	2018 £	Change %
Turnover	87,553,016	81,295,579	8%
Group operating profit	4,986,984	3,400,666	47%
Shareholder's funds	10,439,164	6,870,068	52%
Current assets as % of current liabilities ('quick ratio')	120%	209%	(89%)

Turnover has increased by 8% during the year, this is primarily driven by real estate sales – mainly in Turkey - of £11,723,473 in 2019 compared £5,241,999 in 2018 (an increase of 124%).

Total operating profit moved from a profit of £3,400,666 in 2018 to £4,986,984 during the year. This was mainly caused by an increase in the volume of sales.

The Group's 'quick ratio' (current assets as a percentage of current liabilities) has decreased in comparison with the prior year mainly due to the reduction on the amounts owed to other group companies which have decreased from £22,753,686 to £8,281,104.

PRINCIPAL RISKS AND UNCERTAINTIES

The outbreak of COVID-19 has had a significant impact on CLC World's business operations as from the end of March 2020 when all the Group's resorts and hotels temporarily closed. Reopening of the properties will be in line with the relaxation of government restrictions and is due to commence in early July when our US resorts will be the first to reopen.

Management has taken several measures to mitigate the financial impact, on both profit and cash flow, of the significant drop in revenue. These measures include, but are not limited to, furloughs, rent renegotiations and deferrals of expenditure, application for governmental subsidies and loans, and postponement of non-strategic capex investments. The Group is helped by a flexible cost model, which shows an immediate capability to significantly reduce costs in line with the suspension of business activity.

Through the Management direct actions, liquidity and equity for the foreseeable future are secured and the Group's continued operations are not threatened.

A few days before lockdown, the Group asked its employees to avoid unnecessary travel, postpone or cancel meetings or gatherings involving a large number of people and the obligation to report any suspected contagion. As the pandemic has grown in each of the countries in which the Group operates, CLC has been taking additional measures

STRATEGIC REPORT (continued)

to protect the health of its employees and ensure business continuity. The Group's technology and communication capabilities enable employees throughout the Group to work remotely. The tools for sharing files, making video calls and connecting securely from home enable the Group's employees to continue with their activity and effectively plan for the reopening of its properties and business activities.

Customer surveys clearly indicate that safety and hygiene will be of paramount importance for holidaymakers after the lockdown. CLC World has set up the right health and safety protocols in all locations which are now ready for when activity resumes, this include resorts, commercial outlets and offices. This health and safety initiative has been launched worldwide and is called Safe Hands, the main objective is to ensure that clients′ stay with us is both safe and enjoyable.

CLC World has the clear benefit that its accommodation largely offers independent units with their own catering facilities as well as resorts designed with a lot of outside recreational space. Given the likely impact of Covid-19 on consumer habits with respect to travel, Management believes that this positions the Group well for the future.

It will be some time before the long-term effects of the UK referendum result become clear. However, so far, the only negative impact that the Group has experienced is that of the foreign exchange depreciation of Sterling against Euro. Most of the Group revenue is generated in Sterling (Timeshare sales etc) and most of the expenses of operating the resorts are in Euros (our biggest resorts are located in Spain). This risk was mitigated in 2018 by acquiring the Spanish Resort Management businesses from Interval Leisure Group, as stated above. The revenue of the acquired business is in Euros and covers the expenses of running the Spanish resorts thus mitigating the exchange exposure. From a business operation point of view, our revenue from the British market has grown in the last two years and management considers that one of the attributable reasons for this to be the long-term security that Timeshare products offer and deliver against the current economic uncertainty and market volatility as the UK continues moving towards exit from the EU.

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 intercompany balances.

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 exposes it to fluctuations in foreign exchange rates on cash flows. The exposure to multiple currencies mitigates the exchange rate risk. No hedging of currencies 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.

STRATEGIC REPORT (continued)

SUBSEQUENT EVENTS

Aside of the COVID-19 outbreak which is discussed above, nothing significant has occurred post year end.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the result for the year and despite the impact of Covid-19, the directors expect the group to be well-positioned in 2020 following a positive result in 2019. 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

H O'Donnell, Director

30 June 2020

DIRECTORS' REPORT (continued)

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company and of the Group is the generation of sales prospects and the sale of property and leisure related products.

ACCOUNTING REFERENCE DATE

The company's accounting reference date is 4 January. The company has made its accounts up to 31 December 2019 in accordance with its accounting policy.

GOING CONCERN

The group is part of the wider Club La Costa Combined Group of Companies and benefits from banking and treasury facilities with the group as a whole. The group has received a letter of support from Glinton Ltd on behalf of the Club La Costa Combined Group of Companies stating commitment to support this group as required for a period of not less than twelve months from the date of signing these financial statements. The Directors have performed detailed assessment of the wider group's ability to provide this support as further explained below.

Its accumulated cash position leaves the combined Group well poised to take advantage of any opportunities arising from consolidation within the industry or property acquisitions.

The Group has a diversified customer base, in various geographical markets, and the Group has built up strong customer relationships and loyalty by providing consistently good quality and value for money.

CLC World has the clear benefit that its accommodation largely offers independent units with their own catering facilities as well as resorts designed with a lot of outside recreational space. Given the likely impact of Covid-19 on consumer habits with respect to travel, Management believes that the Group is well placed for the future.

The Principal Directors consider the position at the end of the year and the future prospects of the combined Group to be good.

The combined Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the combined Group should be able to operate within the level of its current facilities for a period of at least 12 months following the signing of these accounts. In addition to the year end cash position which amounts to £20,845,000, as of May 2020 the available resources to the group have been increased through the formalisation of a new loan of €5m (£4.2m) and 4 credit lines totalling €5,2m(£4.4m). The Group cash position as at the end of May 2020 is circa £25m. As identified within Management's own sensitivity analysis, this level of liquidity is such that the combined Group would be able to remain in operational existence even under a scenario where resorts were forced to remain closed for the duration of 2020 which will cover the potential of any second wave. Moreover, under this extreme scenario and assuming that management fees from members continue to be received as expected there is enough cash in the Group to support the operation for at least 12 months from signing.

During the month of June the Group has started the completion of the luxury residential development Santa Barbara Heights in Mijas Costa, Spain; this will bring £8.9m cash to the Group in the next 3 months.

In addition to the above management have also assessed a number of mitigating strategies which could enable the Group to realise cash if required over the coming period.

Accordingly, on the basis of the above considerations and taking into account all reasonable uncertainty, especially in light of the impact of COVID-19, the Directors remain confident in the liquidity of the Group for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 10 and shows the profit for the year. The profit for the year before taxation amounted to £4,671,464 (2018: profit of £3,229,625).

The directors do not recommend payment of a final dividend (2018: same). The profit after taxation of £3,940,294 (2018: £3,209,492) has been transferred to reserves.

DIRECTORS' REPORT (continued)

DIRECTORS

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

EMPLOYEES

The average headcount within the Group has remain in line between years being 783 in 2018 and 780 in 2019.

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 2019 were 4 days (2018: 5 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.

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 Company Club La Costa (UK) plc 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.

SECTION 172(1) STATEMENT

In performing their duties under section 172 of Companies Act 2006, the directors of the Group have regard to several factors and stakeholder interests and remain conscious of the impact their decisions have on employees, customers, suppliers, communities and the environment.

The Group's principal objectives are to maintain its position as Europe's largest independent resort operator, building a dynamic and diverse collection of international resorts and hotels found in some of the world's most desirable destinations. The Group always aims to deliver on its mission statement; "exceeding your expectations" and continue designing and launching new holiday and property ownership products, affording our Members the best opportunity

DIRECTORS' REPORT (continued)

to fully or part-own residences at any of our stunning resorts in Austria, Orlando, Tenerife, Aegean Coast, Costa del Sol and the UK. To achieve these objectives, the Group has the following key strategies:

- Maintain health, safety, security and environmental excellence.
- Design and build new holiday and property ownership products to facilitate and accelerate growth.
- Align sales activity to growth plans.
- Add capability via targeted acquisitions.
- Maximise profitability using his diversified model advantage.

The Directors believe these are critical long term factors for the success of the Group. The director's decision making has supported the implementation of the strategy which aims to operate and develop the business in a way that support both the current and future needs. The directors strongly believe that sustainable business management and practices will contribute to long term business success and will strengthen the Group's leading position in the market.

The Group operates in a industry characterised by long-term relationships between stakeholders and therefore engagement with stakeholders and maintaining a reputation for high standards of service and business conduct is vital. Engaging stakeholders and developing meaningful partnerships is essential for business success. The Group engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Group is able to integrate stakeholders' consideration.

The Directors understand the importance of the Group's employees to the long-term success of the business, we have discussed our methods of engagement with employees on pages 5 and 6 of the Directors report.

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

H O'Donnell, Director

30 June 2020

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

Report on the audit of the financial statements

Opinion

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 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Club La Costa (UK) Plc (the 'parent company') and its subsidiaries (the 'group') 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Report on other legal and regulatory requirements

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

David Mitchell

David Mitchell BSc CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

1 July 2020

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2019

	Note	2019 £	2018 £
TURNOVER	3	87,553,016	81,295,579
Cost of sales		(22,513,044)	(18,081,584)
GROSS PROFIT		65,039,972	63,213,995
Administrative expenses		(60,052,988)	(59,813,329)
OPERATING PROFIT	5	4,986,984	3,400,666
Finance costs (net)	6	(315,520)	(171,041)
PROFIT BEFORE TAXATION		4,671,464	3,229,625
Tax charge on profit	7	(731,170)	(20,133)
PROFIT FOR THE YEAR		3,940,294	3,209,492

The above results are all derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019 £	2018 £
Profit for the financial year	3,940,294	3,209,492
Currency translation differences on foreign currency subsidiaries	(371,198)	352,069
Other comprehensive (expense) / income	(371,198)	352,069
Total comprehensive income	3,569,096	3,561,561

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

	Note	2019 £	2018 £
NON-CURRENT ASSETS			
Negative goodwill	8	-	(91,186)
Tangible assets	9	8,341,271	8,838,777
		8,341,271	8,747,591
CURRENT ASSETS			
Stocks	11	4,049,647	8,416,913
Debtors	12	23,882,734	34,507,835
Cash at bank and in hand		5,206,200	6,900,943
		33,138,581	49,825,691
CREDITORS: amounts falling due within one year	13	(27,569,128)	(23,814,310)
NET CURRENT ASSETS		5,569,453	26,011,381
TOTAL ASSETS LESS CURRENT LIABILITIES		13,910,724	34,758,972
CREDITORS: amounts falling due in more than one year	14	(3,471,560)	(27,888,904)
NET ASSETS		10,439,164	6,870,068
CAPITAL AND RESERVES			
Called up share capital	16	9,000,000	9,000,000
Merger reserve		(787,791)	(787,791)
Profit and loss account		2,226,955	(1,342,141)
TOTAL SHAREHOLDER'S FUNDS		10,439,164	6,870,068

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 30 June 2020.

Signed on behalf of the Board of Directors.

H O'Donnell, Director

COMPANY BALANCE SHEET
As at 31 December 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	477,459	699,889
Investments	10	1,029,429	1,029,429
		1,506,888	1,729,318
CURRENT ASSETS			
Stocks	11	1,412,759	1,546,641
Debtors	12	20,231,365	15,544,003
Cash at bank and in hand		1,679,770	2,621,558
		23,323,894	19,712,202
CREDITORS: amounts falling due within one year	13	(17,027,333)	(16,595,070)
NET CURRENT ASSETS		6,296,561	3,117,132
TOTAL ASSETS LESS CURRENT LIABILITIES		7,803,449	4,846,450
CREDITORS: amounts falling due in more than one year	14	(3,248,633)	(2,323,206)
NET ASSETS		4,554,816	2,523,244
CAPITAL AND RESERVES			
Called up share capital	16	9,000,000	9,000,000
Profit and loss account		(4,545,184)	(6,476,756)
TOTAL SHAREHOLDER'S FUNDS		4,454,816	2,523,244

The company reported a profit for the financial year ended 31 December 2019 of £1,787,445 (2018 £3,567,268).

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 30 June 2020.

Signed on behalf of the Board of Directors

H O'Donnell, Director

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
Year ended 31 December 2019

	Called-up share capital £	Merger reserve £	Profit and loss account £	Total £
At 1 January 2018	500,000	(787,791)	(4,903,702)	(5,191,493)
Profit for the year	-	-	3,209,492	3,209,492
Other comprehensive income	-	-	352,069	352,069
Total comprehensive income	-	-	3,561,561	3,561,561
Share capital increase	8,500,000	-	-	8,500,000
At 31 December 2018	9,000,000	(787,791)	(1,342,141)	6,870,068
Profit for the year	-	-	3,940,294	3,940,294
Other comprehensive expense	-	-	(371,198)	(371,198)
Total comprehensive income	-	-	3,569,096	3,569,096
At 31 December 2019	9,000,000	(787,791)	2,226,955	10,439,164

Other comprehensive expense / income relates to currency translation differences on foreign currency subsidiaries.

COMPANY STATEMENT OF CHANGES IN EQUITY
As at 31 December 2019

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2018	500,000	(9,976,677)	(9,476,677)
Profit for the year	-	3,567,268	3,567,268
Other comprehensive expense	-	(67,347)	(67,347)
Total comprehensive expense	-	3,499,921	3,499,921
Share capital increase	8,500,000	-	8,500,000
At 31 December 2018	9,000,000	(6,476,756)	2,523,244
Profit for the year	-	1,787,445	1,787,445
Other comprehensive income	-	144,127	144,127
Total comprehensive income	-	1,931,572	1,931,572
At 31 December 2019	9,000,000	(4,545,184)	4,454,816

Other comprehensive expense / income relates to currency translation differences on foreign currency subsidiaries.

CONSOLIDATED CASH FLOW STATEMENT
As at 31 December 2019

	Note	2019 £	2018 £
Net cash flows from operating activities	18	(1,086,471)	976,433
Cash flows from investing activities			
Proceeds from sale of equipment		-	41,514
Purchase of equipment		(875,791)	(508,416)
Interest received		132,547	706,660
Net cash flows from investing activities		(743,244)	239,758
Cash flows from financing activities			
Repayments of obligations under finance lease and loans		(248,408)	(272,280)
New bank loan raised		1,030,056	1,207,591
Interest paid		(448,067)	(877,701)
Net cash flows from financing activities		333,581	57,610
Net (decrease) / increase in cash and cash equivalents		(1,496,134)	1,273,801
Cash and cash equivalents at beginning of year		6,900,943	5,567,192
Net (decrease) / increase in cash and cash equivalents		(1,496,134)	1,273,801
Effect of foreign exchange rate changes		(198,609)	59,950
Cash and cash equivalents at end of year		5.206,200	6,900,943

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

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 a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and is a PLC by name only. The address of the Company's registered office is shown on page 1.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

Going concern

The group is part of the wider Club La Costa Combined Group of Companies and benefits from banking and treasury facilities with the group as a whole. The group has received a letter of support from Glinton Ltd on behalf of the Club La Costa Combined Group of Companies stating commitment to support this group as required for a period of not less than twelve months from the date of signing these financial statements. The Directors have performed detailed assessment of the wider group's ability to provide this support as further explained below.

Its accumulated cash position leaves the combined Group well poised to take advantage of any opportunities arising from consolidation within the industry or property acquisitions.

The Group has a diversified customer base, in various geographical markets, and the Group has built up strong customer relationships and loyalty by providing consistently good quality and value for money.

CLC World has the clear benefit that its accommodation largely offers independent units with their own catering facilities as well as resorts designed with a lot of outside recreational space. Given the likely impact of Covid-19 on consumer habits with respect to travel, Management believes that the Group is well placed for the future.

The Principal Directors consider the position at the end of the year and the future prospects of the combined Group to be good.

The combined Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the combined Group should be able to operate within the level of its current facilities for a period of at least 12 months following the signing of these accounts. In addition to the year end cash position which amounts to £20,845,000, as of June 2020 the available resources to the group have been increased through the formalisation of a new loan of €5m (£4.2m) and 4 credit lines totalling €5,2m(£4.4m). The Group cash position as at the end of May 2020 is circa £25m. As identified within Management's own sensitivity analysis, this level of liquidity is such that the combined Group would be able to remain in operational existence even under a scenario where resorts were forced to remain closed for the duration of 2020 which will cover the potential of any second wave. Moreover, under this extreme scenario and assuming that management fees from members continue to be received as expected there is enough cash in the Group to support the operation for at least 12 months from signing.

During the month of June the Group has started the completion of the luxury residential development Santa Barbara Heights in Mijas Costa, Spain, this will bring £8.9m cash to the Group in the next 3 months.

In addition to the above management have also assessed a number of mitigating strategies which could enable to Group to realise cash if required over the coming period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
1. ACCOUNTING POLICIES (continued)

Accordingly, on the basis of the above considerations and taking into account all reasonable uncertainty, especially in light of the impact of COVID-19, the Directors remain confident in the liquidity of the Group for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis.

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 financial statements of the Company and its subsidiary undertakings drawn 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. 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.

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:

Freehold properties	2% to 4% per annum
Fixtures and fittings	33% straight line

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 form these investments in relation to distributions received.

Impairment of assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair values less cost to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows on the cash-generating units of which the goodwill is a part. Any impairment loss in respect of CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
1. ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank balances.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
1. ACCOUNTING POLICIES (continued)

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.

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 (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

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.

Key sources of estimation:

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.

In the view of the directors there are no critical accounting judgements.

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, Europe and the rest of the world. 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. An analysis of the Group's turnover by geographical jurisdiction of the sales companies is set out below:

	2019 £	2018 £
Turnover by geographical location		
UK	22,416,794	19,455,982
Rest of Europe	49,485,031	52,595,252
Rest of World	15,651,191	9,244,345
	87,553,016	81,295,579
Turnover by business class		
Timeshare membership sold	57,007,490	53,676,810
Hospitality services	11,374,426	14,045,645
Real estate	11,723,473	5,241,999
Others	7,447,627	8,331,125
	87,553,016	81,295,579

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2019 £	2018 £
Directors' remuneration		
Remuneration for management services	661,712	484,000
Pension contributions	82,569	36,000
	744,281	520,000
Highest paid director:		
Remuneration	228,000	204,000
Pension contributions	-	-
	228,000	204,000

1 (2018: 1) directors are members of the Company pension scheme.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Group		Company	
	2019 No.	2018 No.	2019 No.	2018 No.
Monthly average number of persons employed (including directors and employees working outside the UK)				
Marketing and sales	185	170	37	34
Administration	595	613	17	88
	780	783	54	122
	2019 £	2018 £	2019 £	2018 £
Staff costs during the year (including directors)				
Wages and salaries	15,606,648	14,555,777	3,224,557	2,661,927
Social security costs	4,384,974	4,333,257	796,368	734,175
Pension contributions	130,195	115,293	123,656	64,559
	20,121,817	19,004,327	4,144,581	3,460,661

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

5. OPERATING PROFIT

	Note	2019 £	2018 £
Consolidated operating profit is after charging/(crediting):			
Depreciation	9	840,712	965,200
Amortisation of negative goodwill	8	(91,186)	(91,187)
Cost of stock recognised as an expense		22,513,044	18,081,584
Operating lease rentals		1,334,177	1,341,304
Loss on sale of fixed assets		214,453	6,434
Auditor's remuneration			
Fees payable to the company's auditor for the audit of the company's annual accounts		15,000	11,000
The audit of the Company's subsidiaries and other companies under common control pursuant to legislation		70,000	45,482
Non-audit fees – other taxation audit services		6,000	6,000

6. FINANCE (COSTS) (NET)

	2019 £	2018 £
Interest payable and similar charges	(448,067)	(877,701)
Less: Investment income	132,547	706,660
	(315,520)	(171,041)

Investment income

	2019 £	2018 £
Income from current asset investments:		
Bank	1,074	6
Other interest receivable and similar income	131,473	706,654
	132,547	706,660

Interest payable and similar charges

	2019 £	2018 £
On loans repayable by instalments:		
Bank loans	(34,740)	(22,685)
Finance lease interest	(5,518)	(6,397)
Other interest expense	(407,809)	(848,619)
	(448,067)	(877,701)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019 £	2018 £
Current taxation		
United Kingdom corporation tax at 19% (2018: 19%) based on the profit for the year	166,720	-
Overseas tax	66,067	117,992
Total current tax charge	232,787	117,992
Deferred taxation		
Origination and reversal of timing differences	498,383	(97,859)
Total deferred tax charge / (credit)	498,383	(97,859)
Tax charge on profit	731,170	20,133

The tax charge for the year is lower (2018: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Group profit before taxation	4,671,464	3,229,625
Profit/(loss) at the standard rate of corporation tax in the UK of 19% (2018: 19%)	887,578	613,629
Effect of:		
(Non-taxable income) / non-deductible expenses	(592,693)	21,329
Difference between capital allowances and depreciation	(16,077)	(14,490)
Group relief (claimed) / surrendered for nil consideration	(132,457)	193,978
Losses utilised	(222,979)	(464,889)
Effect of overseas tax rates	568,051	68,309
Change in unrecognised deferred tax assets	239,747	(397,733)
Total tax chargc/(crcdit)	731,170	20,133

The standard rate of tax applied to reported profit is 19% (2018: 19%). The applicable tax rate has changed following the substantive enactment of Finance Act 2016. As you may be aware, Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this had not been substantively enacted by the balance sheet date (it was substantively enacted on 17 March), deferred tax balances as at 31 December 2019 continue to be measured at 17%.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

7. INTANGIBLE FIXED ASSETS

	Negative goodwill £
Cost	
At 1 January 2019 and 31 December 2019	(911,869)
Accumulated amortisation	
At 1 January 2019	820,683
Release for the year	91,186
At 31 December 2019	911,869
Net book value	
At 31 December 2019	-
At 31 December 2018	(91,186)

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

9. TANGIBLE ASSETS

The Group	Land & Buildings £	Fixtures & Fittings £	Fixtures & Fittings – Leased £	Total £
Cost				
At 1 January 2019	9,721,070	6,793,039	576,646	17,090,755
Exchange movements	(313,410)	(253,493)	(30,940)	(597,843)
Additions	126,612	551,545	197,634	875,791
Disposals	(394,789)	(1,195,970)	-	(1,590,759)
At 31 December 2019	9,139,483	5,895,121	743,340	15,777,944
Accumulated depreciation				
At 1 January 2019	2,487,000	5,548,007	216,971	8,251,978
Exchange movements	(64,280)	(205,003)	(10,428)	(279,711)
Charge for the year	299,529	447,476	93,707	840,712
Disposals	(319,204)	(1,057,102)	-	(1,376,306)
At 31 December 2019	2,403,045	4,733,378	300,250	7,436,673
Net book value				
At 31 December 2019	6,736,438	1,161,743	443,090	8,341,271
At 31 December 2018	7,234,070	1,245,032	359,675	8,838,777

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
9. TANGIBLE ASSETS (CONTINUED)

The Company	Land & Buildings	Fixtures & fittings	Total
	£	£	£
Cost			
At 1 January 2019	1,361,898	1,944,550	3,306,448
Exchange movements	(4,732)	(19,059)	(23,791)
Additions	27,100	97,602	124,702
Disposals	-	(384)	(384)
At 31 December 2019	1,384,266	2,022,709	3,406,975
Accumulated depreciation			
At 1 January 2019	1,063,684	1,542,875	2,606,559
Exchange movements	(1,597)	(7,995)	(9,592)
Charge for the year	128,260	204,673	332,933
Disposals	-	(384)	(384)
At 31 December 2019	1,190,347	1,739,169	2,929,516
Net book value			
At 31 December 2019	193,919	283,540	477,459
At 31 December 2018	298,214	401,675	699,889

10. INVESTMENTS HELD AS FIXED ASSETS

Shares in subsidiary undertakings (see note 22)	**Company** £
Cost	
At 1 January 2019	1,029,429
Additions	-
At 31 December 2019	1,029,429

11. STOCKS

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Timeshare weeks and freehold apartments	3,156,319	7,731,957	1,018,628	1,345,554
Consumables	893,328	684,956	394,131	201,087
	4,049,647	8,416,913	1,412,759	1,546,641

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

12. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	8,316,391	4,627,722	2,954,458	3,211,641
Amounts owed by group companies (note 21)	8,281,104	22,753,686	13,621,839	7,638,860
Amounts owed by related undertakings (note 21)	1,005,206	1,013,287	129,520	429,672
Other debtors	1,948,529	1,216,177	368,164	846,444
Corporation tax	-	77,719	-	-
Other taxes and social security	1,672,239	1,799,040	1,643,865	1,673,287
Prepayments and accrued income	1,963,516	1,826,072	880,527	593,124
Deferred tax asset (note 15)	695,749	1,194,132	632,992	1,150,975
	23,882,734	34,507,835	20,231,365	15,544,003

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Loans	2,176,025	2,084,603	153,546	-
Obligations under finance leases	110,548	86,400	12,388	12,818
Trade creditors	1,351,770	1,396,383	62,820	84,378
Amounts owed to group companies (note 21)	5,116,745	802,342	6,416,884	9,094,424
Amounts owed to related undertakings (note 21)	7,548,401	6,669,540	6,806,279	4,015,583
Corporation tax	134,730	-	95,442	-
Other taxes and social security	667,235	635,904	207,544	182,981
Other creditors	4,501,178	4,093,777	1,510,523	1,603,214
Accruals and deferred income	5,962,496	8,045,361	1,761,907	1,601,672
	27,569,128	23,814,310	17,027,333	16,595,070

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Loans	523,883	-	523,883	-
Obligations under finance leases	230,324	214,524	7,342	20,834
Other creditors	2,717,353	27,674,380	2,717,408	2,302,372
	3,471,560	27,888,904	3,248,633	2,323,206

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

Other creditors included at the beginning of 2019 a loan payable to Resort Management Finance Services Inc (ILG Group subsidiary) amounting to $32,146,917 (£25,233,645). This loan was secured against certain properties owned by the Combined Group and payable in full in 2021. Annual interest of 6% was payable monthly.

On March 7 2019 the loan has been refinanced via a syndicate loan agreement signed by Resort Solutions Europe Ltd, a CLC Group company with four main Spanish financial entities. This has allowed the CLC Group to extend the amortisation period from October 3, 2021 to March 7, 2024, reduce the interest rate payable and have access to a revolving credit line of £2,381,000 (€2,650,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
15. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR (CONTINUED)

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Analysis of borrowings:				
Leasing due				
Within one year	110,548	86,400	12,388	12,818
Between 2 and 5 years	230,324	214,524	7,343	20,834
Borrowings due				
Within one year	2,176,025	2,084,603	153,545	-
Between 2 and 5 years	523,883	25,233,645	523,883	-
	3,040,780	27,619,172	697,159	33,652

16. DEFERRED TAXATION

	2019 £	2018 £
Deferred tax asset		
At 1 January	1,194,132	1,096,273
(Charge) / credit to profit and loss account	(498,383)	97,859
At 31 December	695,749	1,194,132

Analysis of deferred taxation

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Capital allowances in excess of depreciation	292,361	337,556	229,534	294,398
Tax losses	403,388	856,576	403,388	856,577
	695,749	1,194,132	632,922	1,150,975

The Company

A potential deferred tax asset of £nil (2018: £nil) 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 £4,678 (2018: £4,678) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
17. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
800,000 ordinary shares of £10 each	8,000,000	8,000,000
Called up, allotted and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
800,000 ordinary shares of £10 each	8,000,000	8,000,000

18. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group and Company had no capital commitments at 31 December 2019 (2018 - £nil).

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

The Group:	Land and Buildings 2019	Land and Buildings 2018	Plant and Motor Vehicles 2019	Plant and Motor Vehicles 2018
	£	£	£	£
Leases which expire:				
Within one year	864,544	785,970	89,037	43,039
Within two to five years	1,059,856	1,009,454	109,423	43,079
Over 5 years	-	-	-	-
	1,924,400	1,795,424	198,460	86,118

At 31 December 2019, 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 £171,263 (2018: £189,820).

The Company:	Land and Buildings 2019	Land and Buildings 2018	Plant and Motor Vehicles 2019	Plant and Motor Vehicles 2018
	£	£	£	£
Leases which expire:				
Within one year	774,787	548,274	48,864	43,039
Within two to five years	960,283	783,562	75,372	43,079
Over 5 years	-	-	-	-
	1,735,070	1,331,836	124,236	86,118

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019
18. CASH FLOW STATEMENT

Reconciliation of operating profit to cash utilised in / generated by operations:

	2019 £	2018 £
Operating profit	4,986,984	3,400,666
Depreciation and amortisation	749,526	874,013
Loss on sale of tangible fixed assets	214,453	6,434
Operating cash flow before movement in working capital	5,950,963	4,281,113
Decrease in stock	3,586,204	428,765
Decrease / (increase) in debtors	8,304,656	(15,641,083)
(Decrease) / increase in creditors	(18,885,144)	12,154,772
Taxation (paid)	(43,150)	(247,134)
Cash (utilised in) / generated by operations	(1,086,471)	976,433

	1 January 2019 £	Cash flows £	New finance loans and leases	Changes in exchange rates £	31 December 2019 £
Cash at bank and in hand	6,900,943	(1,496,134)	-	(198,609)	5,206,200
Bank overdraft	(2,084,603)	-	-	62,215	(2,022,388)
Bank loans					
Finance leases	-	124,244	(850,000)	48,236	(677,520)
Other finance	(300,924)	124,164	(180,056)	15,944	(340,872)
	(25,233,645)	25,233,645	-	-	-
Net debt	(20,718,229)	23,985,919	(1,030,056)	(72,214)	2,165,420

19. EVENTS AFTER THE BALANCE SHEET DATE

The outbreak of COVID-19 has had a significant impact on CLC World's business operations as from the end of March 2020 when all the Group's resorts and hotels temporarily closed. Reopening of the properties will be in line with the relaxation of government restrictions and is due to commence in early July when our US resorts will be the first to reopen.

Management has taken several measures to mitigate the financial impact, on both profit and cash flow, of the significant drop in revenue. These measures include, but are not limited to, furloughs, rent renegotiations and deferrals

of expenditure, application for governmental subsidies and loans, and postponement of non-strategic capex investments. The Group is helped by a flexible cost model, which shows an immediate capability to significantly reduce costs in line with the suspension of business activity.

Through the Management direct actions, liquidity and equity for the foreseeable future are secured and the Group's continued operations are not threatened.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

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 Glinton Limited, a company incorporated in the Isle of Man. Club La Costa (UK) PLC is the only group parent company which prepares UK consolidated group financial statements and can be obtained from the registered offices on page 1.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

21. RELATED PARTY TRANSACTIONS

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

Related party	Operating costs/ recharges 2019 £	Operating costs/ recharges 2018 £	Sales to related party 2019 £	Sales to related party 2018 £	Amounted owed (to)/by related party at year end 2019 £	Amounted owed (to)/by related party at year end 2018 £
Group companies:						
CLC Resort Developments Limited[1]	(11,964,674)	(11,560,463)	136,433	1,106,660	(1,458,458)	2,267,539
CLC Resort Management Limited[1]	(554,012)	(408,826)	1,734,141	1,663,471	(237,807)	58,447
Duchally House Leisure Limited[2]	(632)	-	8,896	93,584	553,252	107,958
Trenython Manor Leisure Limited[3]	-	-	1,484	192,885	1,507	191,091
Hustyns Leisure Limited[3]	-	-	-	14,095	-	14,095
HF Hotelbetriebs[4]	(415)	-	3,574	4,864	63,082	62,877
Remisol SA[5]	(1,251,342)	(1,164,702)	1,106,089	2,049,077	4,496,823	4,038,106
California Beach Premises SL[6]	(44,281)	(37,746)	-	-	242,196	314,131
Tenerife Premises SL[7]	(18,757)	(16,787)	-	-	(311,882)	(302,387)
Tenerife Owning SL[7]	-	-	-	-	1,364,748	1,423,625
Tenerife PV Commercial Premises SL[7]	(69,068)	(63,857)	-	-	(5,036)	(5,287)
ATRM[8]	-	-	-	-	(31,025)	(51,253)
Andalusian Premises S.A [6]	(37,661)	(40,872)	-	-	258,209	366,643
First Holiday Finance Limited[9]	-	-	357,083	375,870	408,016	443,333
KTRM[10]	-	-	-	-	(747,007)	(247,539)
Glinton Limited[1]	-	-	-	-	-	67,418
IDS Leisure Limited[3]	(3,016,486)	(2,734,391)	100,000	150,000	(27,445)	54,310
Melsmore Limited[11]	(67,407)	(53,950)	-	-	686,573	(6,884)
RMF Andalusian Management SL	(566,932)	-	2,108,963	-	106,381	(174,682)
RMF Management Canarias SL	(235,321)	(74)	1,201,191	-	100,317	(14,310)
RMF Europe, Ltd	(23,700)	-	-	-	(2,298,085)	-
Resort Solutions Europe Ltd	-	-	-	-	-	13,344,113
CLC Satis Pazarlama ve Danismanlik Limited Sirketi	-	-	179,927	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

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		Amounted owed (to)/by related party at year end	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Companies under common control (related undertakings):						
Club La Costa plc[3]	-	-	-	-	(374,470)	(374,470)
Real Estate Promotions Limited[12]	(201,867)	(691,828)	402	22,674	(4,518,819)	(4,043,586)
CLC Investments Limited[1]	-	-	-	-	(186,004)	(186,004)
Holiday Leisure Limited[1]	-	-	-	-	(910,138)	(939,078)
Reymonte SL[13]	(210,828)	(194,919)	-	-	(241,722)	(214,707)
Ascension Limited[1]	-	-	-	-	(970,713)	(782,677)
Wellesley Limited[14]	-	-	5,056	44,878	(346,535)	(129,018)
Puerto Properties SA[5]	(239,565)	(227,168)	-	-	866,835	1,013,287
Club la Costa las Farolas, S.L.[5]	-	-	-	-	8,850	-
Gare, Ltd[1]	-	-	-	-	21	-
Metavale Services Ltd[3]	-	-	-	-	129,500	-

[1]Registered office: 33 North Quay Douglas Isle of Man, British Isles, IM1 4LB
[2]Registered office: Gleneagles, Auchterarder PH3 1PN, United Kingdom
[3]Registered office: Hallswelle House, 1 Hallswelle Road London, NW11 0DH, United Kingdom
[4]Registered office: Harham 46, 5760 Saalfelden am Steinernen Meer, Austria
[5]Registered office: Pueblo Don Alberto Ctra Nacional 340 Km 206, 29649, Mijas Costa, Malaga, Spain
[6]Registered office: Urbanización Marina del Sol, 188, 29649, Mijas Costa, Malaga, Spain
[7]Registered office: Urb. Sunningdale Village Golf, 36820, San Miguel, Santa Cruz de Tenerife, Spain
[8]Registered office: Tatllkuyu Mevki, Bozbük Koyu, 48200, Turkey
[9]Registered office: Athene House 86 The Broadway, Mill Hill, London, NW7 3TD, United Kingdom
[10]Registered office: Kemalpasa Mah Kiranta Mevkii, Soke, 09200, Turkey
[11]Registered office: First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
[12]Registered office: 6 Suffolk Street, Dublin 2, Ireland
[13]Registered office: Calle Finlandia, 8, San Eugenio Alto, Adeje, 38660, Santa Cruz de Tenerife, Spain
[14]Registered office: 123 Melite Street, Valletta, Malta
[15]Registered office: 515 East Park Avenue 2ND FL, Tallahassee, FL 32301
[16]Registered office: Apollonium Sitesi Sosyal Tesisleri Bozbük Köyü, Milas, Mugla, Turkey

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2019

22. 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
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*
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 2019

22. 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: Kemalpasa Mahallesi, Kiranta Mevkii Soke, Aydin 09200, Turkey

The following UK subsidiaries haven taken advantage of the available audit exemption set out within section 479A of the Companies Act 2006 for the year to 31 December 2019:

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.

ADDITIONAL INFORMATION
Year ended 31 December 2019

ADDITIONAL INFORMATION

As discussed in the Director's Report, the Company Club la Costa (UK) Plc 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 profit for the year before taxation amount to £755,832 (€888,156) (2018 losses: £1,011,147 (€1,125,214)). This disclosure does not form part of the statutory financial statements.