

Sunterra Clubs (Europe) Limited
(formerly GVC Clubs (Europe) Limited)
Financial statements
For the year ended 31 December 2003

Grant Thornton 



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Company No. 04339551

Company information

Company registration number :	04339551
Registered office :	Citrus House Caton Road Lancaster Lancashire LA1 3UA
Director :	G I Bruce
Secretary :	R J McGee
Bankers :	National Westminster Bank Plc 44 Market Street Carnforth Lancashire LA5 9WY
Solicitors :	Baker & McKenzie 100 New Bridge Street London EC4V 6JA
Auditors :	Grant Thornton Registered Auditors Chartered Accountants Heron House Albert Square Manchester M60 8GT

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Report of the director

The director presents his report together with the audited financial statements for the year ended 31 December 2003.

Principal activity

The company's principal activity is the provision of resort management services.

Change of name

On 22 August 2003 the name of the company was changed to Sunterra Clubs (Europe) Limited.

Results and dividends

The profit for the year after taxation amounted to £252,770 (2002 : £29,923). The director does not recommend the payment of a dividend (2002 : £Nil) and the profit has been transferred to reserves.

Directors

The directors who held office during the year are shown below. All directors served throughout the year unless otherwise indicated.

G I Bruce

P A Woodgate (resigned 12 September 2003)

N J Benson (resigned 22 March 2003)

The director has no interest in the share capital of the company. The interests of the director in the share capital of the immediate parent undertaking, Sunterra Europe (Group Holdings) Plc, are disclosed in the financial statements of that company.

Director's responsibilities for the financial statements

Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

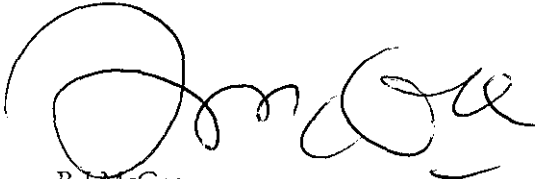
The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is also responsible for ensuring that the director's report is prepared in accordance with company law in the United Kingdom.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R J McGee', written in a cursive style.

R J McGee
Secretary

Report of the independent auditors to the members of Sunterra Clubs (Europe) Limited (formerly GVC Clubs (Europe) Limited)

We have audited the financial statements of Sunterra Clubs (Europe) Limited (formerly GVC Clubs (Europe) Limited) for the year ended 31 December 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 10. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the director's report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read other information contained in the director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Grant Thornton 

Report of the independent auditors to the members of
Sunterra Clubs (Europe) Limited (formerly GVC Clubs
(Europe) Limited)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

4/5/2004

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged during the year and are set out below. The director has reviewed the accounting policies in accordance with FRS 18 and considers them to be the most appropriate to the company's circumstances.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption provided by FRS 1 and has not prepared a cash flow statement as its results are included in the consolidated results of Sunterra Corporation, which are publicly available.

Profit and loss account

	Note	2003 £	2002 £
Turnover	1	11,917,259	9,321,803
Cost of sales		<u>(11,664,489)</u>	<u>(9,291,880)</u>
Profit on ordinary activities before taxation	1	252,770	29,923
Tax on profit on ordinary activities	3	—	—
Profit for the financial year	7	<u><u>252,770</u></u>	<u><u>29,923</u></u>

The results disclosed above all relate to continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

Balance sheet

	Note	2003 £	2002 £
Current assets			
Debtors	4	9,197,609	5,102,108
Cash at bank and in hand		<u>2,261,341</u>	<u>2,541,879</u>
		11,458,950	7,643,987
 Creditors: amounts falling due within one year	5	(11,176,256)	(7,614,063)
 Net assets		<u>282,694</u>	<u>29,924</u>
 Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	<u>282,693</u>	<u>29,923</u>
Equity shareholders' funds	8	<u>282,694</u>	<u>29,924</u>

The financial statements were approved by the Board on 4th May 2004

G I Bruce

Director

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company. An analysis of turnover by geographical location has not been presented as the directors consider such a disclosure to be seriously prejudicial to the interests of the company.

The profit on ordinary activities before taxation is stated after charging :

	2003 £	2002 £
Auditors' remuneration – audit services	<u>19,261</u>	<u>14,498</u>

2 Directors and employees

All staff are employed and paid by a fellow group company, Sunterra Europe Limited. The directors did not receive any emoluments for services to the company during the year (2002 : £Nil).

3 Tax on profit on ordinary activities

	2003 £	2002 £
The taxation charge is based on the profit for the year and represents :		
UK Corporation tax at 30% (2002 : 30%)	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 30% (2002 : 30%). The differences are explained as follows :

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>252,770</u>	<u>29,923</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2002 : 30%)	75,831	8,977
Effect of:		
Group relief	<u>(75,831)</u>	<u>(8,977)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

4 Debtors

	2003	2002
	£	£
Trade debtors	187,366	—
Amounts owed by group undertakings	8,939,505	2,947,781
Other debtors	—	2,085,720
Prepayments and accrued income	70,738	68,607
	<u>9,197,609</u>	<u>5,102,108</u>

5 Creditors : amounts falling due within one year

	2003	2002
	£	£
Trade creditors	26,984	49,450
Amounts owed to group undertakings	8,100,931	2,860,124
Other taxation and social security	51,991	60,244
Other creditors	2,607,712	2,759,306
Accruals and deferred income	388,638	1,884,939
	<u>11,176,256</u>	<u>7,614,063</u>

6 Share capital

	2003	2002
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

7 Profit and loss account

	£
At 1 January 2003	29,923
Profit for the financial year	<u>252,770</u>
At 31 December 2003	<u>282,693</u>

8 Reconciliation of movements in equity shareholders' funds

	2003	2002
	£	£
Issue of share capital	—	1
Profit for the financial year	252,770	29,923
Increase in equity shareholders' funds	252,770	29,924
Opening equity shareholders' funds	29,924	—
Closing equity shareholders' funds	282,694	29,924

9 Ultimate parent undertaking

The director regards Sunterra Corporation, a company incorporated in the USA, as the company's ultimate parent undertaking.

The smallest group in which the results of the company are consolidated is that headed by Sunterra Europe (Group Holdings) Plc, whose principal place of business is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA. The consolidated accounts of the group can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

10 Related party transactions

The company has taken advantage of the exemption included in FRS 8 and has not disclosed transactions with other members of the group headed by Sunterra Corporation.