

FOUR WINDS RESORTS PLC
ANNUAL REPORT AND ACCOUNTS
PERIOD ENDED 30 JUNE 2004

Company Registration Number 04955835



FOUR WINDS RESORTS PLC

ACCOUNTS

PERIOD ENDED 30 JUNE 2004

CONTENTS	PAGE
Officers and professional advisers	1
Director's report	2
Independent auditors' report to the shareholders	4
<i>Consolidated profit and loss account</i>	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8
Notes to the accounts	10
The following pages do not form part of the accounts	
Detailed profit and loss account	17
Notes to the detailed profit and loss account	18

FOUR WINDS RESORTS PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors Nigel Chapman
Nicholas Dickinson

Company secretary Tony Nares

Registered office Francis House
112 Hills Road
Cambridge
CB2 1PH

Auditors Solomon Hare LLP
Chartered Accountants
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

Bankers Barclays Bank plc
Hatton Cross Branch
West London Group
210 High Street
Hounslow
TW3 1DL

Solicitors Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

FOUR WINDS RESORTS PLC

DIRECTORS' REPORT

PERIOD ENDED 30 JUNE 2004

The directors have pleasure in presenting their report and the Consolidated accounts of the group for the period from 6 November 2003 to 30 June 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was that of providing management services to companies within the hotel and leisure industry and making investments.

The company was incorporated on 6 November 2003 as Four Winds Hotels and Resorts Limited. On 21 November 2003 the company changed its name and status to Four Winds Resorts plc. The company commenced trading on 8 December 2003 with its first investment acquisition.

During the period the company made a number of strategic investments as detailed in note 4 to the accounts.

RESULTS AND DIVIDENDS

The trading results for the period, and the group's financial position at the end of the period are shown in the attached accounts.

The directors have not recommended a dividend.

THE DIRECTORS' AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests, including family and trust interests, in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At 30 June 2004	On incorporation or on appointment if later
Nicholas Dickinson	(appointed 6 November 2003)	25,000	1
Nigel Chapman	(appointed 6 November 2003)	<u>1</u>	<u>1</u>

In addition 24,999 shares are held by the Trustees of the Lindsay Grandchildren Settlement, a family trust for the benefit of Nigel Chapman's children.

All of the above shares are 25p called.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and the group at the end of the period and of the profit or loss for the period then ended. In preparing those accounts, the directors are required to:

select suitable accounting policies, as described on page 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOUR WINDS RESORTS PLC

DIRECTORS' REPORT *(continued)*

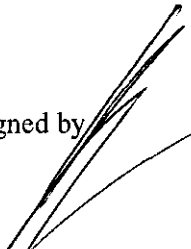
PERIOD ENDED 30 JUNE 2004

POLICY ON THE PAYMENT OF CREDITORS

Trade creditors represent amounts due in respect of professional fees and services provided for the projects the company holds an interest in. These are provided on normal commercial terms based on arrangements agreed at the time of contracting with the provider.

AUDITORS

Solomon Hare LLP were appointed as auditors during the period. A resolution to re-appoint them for the ensuing year will be put to the members annual general meeting in accordance with Section 385 of the Companies Act 1985.

Signed by 

Tony Nares
Company Secretary

Approved by the director on 28 January 2005

FOUR WINDS RESORTS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD ENDED 30 JUNE 2004

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group'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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's and group's affairs as at 30 June 2004 and of the group's loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.


SOLOMON HARE LLP

Chartered Accountants

Registered Auditors

Bristol

28 January 2005

FOUR WINDS RESORTS PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 30 JUNE 2004

	Note	Period from 6 November 2003 to 30 June 2004 £
Administrative expenses		(91,808)
GROUP OPERATING LOSS	2	(91,808)
Share of operating loss in joint venture		(119,819)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(211,627)
Tax on profit on ordinary activities	3	-
RETAINED (LOSS) FOR THE FINANCIAL PERIOD		<u>(211,627)</u>

All of the activities of the group commenced during the period and are classed as continuing.

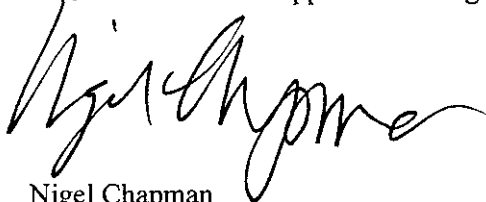
The group has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 10 to 15 form part of these accounts.

FOUR WINDS RESORTS PLC
CONSOLIDATED BALANCE SHEET
30 JUNE 2004

	Note	30 June 2004	
		£	£
FIXED ASSETS			
Loan to joint venture	4		100,000
CURRENT ASSETS			
Debtors due within one year	5	39,691	
Cash at bank		6,248	
		<u>45,939</u>	
CREDITORS: Amounts falling due within one year	6	<u>(250,247)</u>	
NET CURRENT LIABILITIES			<u>(204,308)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(104,308)</u>
PROVISION FOR JOINT VENTURE DEFICIT			
Investments in joint venture			
- share of gross assets		9,973	
- share of gross liabilities		<u>(104,792)</u>	
			<u>(94,819)</u>
NET LIABILITIES			<u>(199,127)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11		12,500
Profit and loss account			<u>(211,627)</u>
EQUITY SHAREHOLDERS' DEFICIT	12		<u>(199,127)</u>

These accounts were approved and signed by the directors on 28 January 2005.



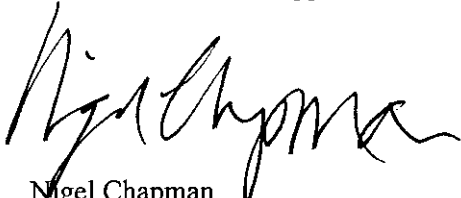
Nigel Chapman
Director

The notes on pages 10 to 15 form part of these accounts.

FOUR WINDS RESORTS PLC
COMPANY BALANCE SHEET
30 JUNE 2004

	Note	30 June 2004	
		£	£
FIXED ASSETS			
Investments	4		25,002
Loan to joint venture	4		100,000
			<u>125,002</u>
CURRENT ASSETS			
Debtors due within one year	5	39,691	
Cash at bank		6,248	
		<u>45,939</u>	
CREDITORS: Amounts falling due within one year	6	(250,249)	
NET CURRENT (LIABILITIES)			<u>(204,310)</u>
NET LIABILITIES			<u>(79,308)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11		12,500
Profit and loss account			<u>(91,808)</u>
EQUITY SHAREHOLDERS' DEFICIT	12		<u>(79,308)</u>

These accounts were approved and signed by the directors on 28 January 2005.


Nigel Chapman
Director

The notes on pages 10 to 15 form part of these accounts.

FOUR WINDS RESORTS PLC
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 30 JUNE 2004

	Period ended 30 June 2004	
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		118,748
TAXATION		-
ACQUISITIONS AND DISPOSALS		
Payments to acquire investments	(25,000)	
Loans to joint ventures	(100,000)	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		<u>(125,000)</u>
CASH (OUTFLOW) BEFORE FINANCING		(6,252)
FINANCING		
Issue of shares	12,500	
NET CASH INFLOW FROM FINANCING		<u>12,500</u>
INCREASE IN CASH		<u><u>6,248</u></u>

The notes on pages 10 to 15 form part of these accounts.

FOUR WINDS RESORTS PLC**CONSOLIDATED CASH FLOW STATEMENT** *(continued)***PERIOD ENDED 30 JUNE 2004**

**RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	Period ended 30 June 2004 £
Operating loss	(91,808)
Increase in debtors	(39,691)
Increase in creditors	250,247
Net cash inflow from operating activities	<u>118,748</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	30 June 2004 £
Increase in cash in the period	<u>6,248</u>
 Change in net funds	 6,248
Net funds at 6 November 2003	-
Net funds at 30 June 2004	<u>6,248</u>

ANALYSIS OF CHANGES IN NET FUNDS

	Cash flows £	At 30 Jun 2004 £
Net cash	<u>6,248</u>	<u>6,248</u>

The notes on pages 10 to 15 form part of these accounts.

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

The consolidated accounts incorporate the accounts of the company and all of its subsidiary undertakings for the period ended 30 June 2004 using acquisition accounting and exclude all intra-group transactions. The accounts include the group's share of the net liabilities and results of joint ventures using the gross equity method.

The company has taken advantage of the exemption granted by S230(3) of the Companies Act 1985 from presenting its own Profit and Loss Account. The company made a loss of £91,808 after tax during the period.

Deferred taxation

Deferred tax is recognised on a full provision basis in respect of all timing differences, which have originated but not reversed, at the Balance Sheet date. Timing differences represent the accumulated differences between the group taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation. The provision is not discounted.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period from 6 November 2003 to 30 June 2004 £
Auditors' remuneration	
- as auditors	2,500
Directors remuneration	-
	<hr/>

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 6 November 2003 to 30 June 2004 £
Current tax:	
UK Corporation tax based on the results for the period at nil%	-
Total current tax	-

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

	Period from 6 November 2003 to 30 June 2004 %
Tax on profit on ordinary activities multiplied by standard rate of corporation tax of 30%.	30
Disallowed expenses for tax purposes	(7)
Losses carried forward	(23)
Total current tax (note 7(a))	-

(c) Factor affecting future tax charges

At 30 June 2004 the group has tax losses of approximately £160,000 available to carry forward against future taxable profits.

4. INVESTMENTS – COMPANY

	Joint Ventures £	Unlisted Investments £	Total £
COST: Equity	25,000	2	25,002
NET BOOK VALUE			
At 30 June 2004	25,000	2	25,002

GROUP AND COMPANY

	£
Loan to joint venture	100,000

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

4. INVESTMENTS – COMPANY (CONTINUED)

The company's investments in the ordinary shares of unlisted companies at the balance sheet date included the following:

<u>Company</u>	<u>Country of incorporation</u>	<u>%age holding</u>	<u>Nature of business</u>
Meriski Limited	UK	100	Ski holiday and tour operator

The company was acquired in the period, and was dormant during the period.

Joint Venture

Four Winds plc has a 50% interest in Baylife plc, a company incorporated in England.

Four Winds plc has joint control of the business.

Further details of the joint venture with Baylife plc are given in note 7 to the accounts.

5. DEBTORS

	<u>Group 30 June 04</u>	<u>Company 30 June 04</u>
	<u>£</u>	<u>£</u>
Amounts owed by joint ventures – current account	4,332	4,332
Other debtors	20,000	20,000
VAT recoverable	15,359	15,359
	<u>39,691</u>	<u>39,691</u>

6. CREDITORS: Amounts falling due within one year

	<u>Group 30 June 04</u>	<u>Company 30 June 04</u>
	<u>£</u>	<u>£</u>
Trade creditors	55,844	55,844
Amounts owed to director	38,750	38,750
Amount owed to related parties	153,153	153,153
Amount owed to subsidiary	-	2
Accruals and deferred income	2,500	2,500
	<u>250,247</u>	<u>250,249</u>

7. PROVISION FOR JOINT VENTURE DEFICIT

GROUP	£
COST	
Investment	25,000
Less: share of loss in period	(119,819)
	<u>(94,819)</u>
Represented by:	
Share of gross assets	9,973
Share of gross liabilities	(104,792)
	<u>(94,819)</u>

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

7. PROVISION FOR JOINT VENTURE DEFICIT (*CONTINUED*)

Additional disclosures are given in respect of the group's share of Baylife plc which exceeds certain thresholds under FRS9 as follows:

	£
Turnover	-
Loss before taxation	(119,819)
Taxation	-
Loss after taxation	<u>(119,819)</u>
Fixed assets	-
Current assets	9,973
Liabilities due within one year	(104,792)
Liabilities due after more than one year	-
Net assets	<u>(94,819)</u>

8. DEFERRED TAXATION

The amounts of unprovided deferred taxation assets at 30 June 2004 are as follows:

GROUP

	Unprovided 2004 £
Losses	<u>(31,000)</u>

COMPANY

	Unprovided 2004 £
Losses	<u>(8,000)</u>

9. TRANSACTIONS WITH THE DIRECTORS

Nicholas Dickinson settled expenses of £45,000 on behalf of the company during the period. At 30 June 2004 £38,750 remained outstanding.

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

10. RELATED PARTY TRANSACTIONS

Bristol Associates Limited, a company of which Nigel Chapman and Nicholas Dickinson are directors, and over which they exercise control, settled expenses on behalf of the company during the period.

Nicholas Dickinson and Nigel Chapman are directors of LHM plc. LHM plc settled expenses on behalf of the company during the period.

Alias Hotels plc recharged expenses to the company during the period. Nigel Chapman and Nicholas Dickinson are directors of Alias Hotels plc, which is owned and controlled by LHM plc.

Nicholas Dickinson and Nigel Chapman are directors of Luxury Family Hotels plc which supplied services to Four Winds Resorts plc.

Fowey Hall Limited, a company owned by Luxury Family Hotels plc supplied services to the company during the period.

The following table shows the value of transactions entered into during the period and the balance outstanding at 30 June 2004.

	Purchases	Balance at 30 June 2004
	£	£
Alias Hotels plc	17,410	20,457
Bristol Associates Limited	13,501	55,864
LHM plc	49,381	58,023
Luxury Family Hotels plc	15,820	18,588
Fowey Hall Limited	188	221

In addition expenses of £64,332 were recharged to Baylife plc during the year. An amount of £4,332 remains outstanding at the period end.

There is no one controlling party of the company.

11. SHARE CAPITAL

Authorised share capital:

	30 June 04
	£
50,000 Ordinary shares of £1 each	<u>50,000</u>

Allotted and called up:

	No	£
	30 June 04	
Ordinary shares of £1 each, partly paid	<u>50,000</u>	<u>12,500</u>

2 ordinary shares of £1 each were issued on incorporation. A further 49,998 ordinary shares of £1 each were issued on 8 December 2003. 25p per share was called.

FOUR WINDS RESORTS PLC
NOTES TO THE ACCOUNTS
PERIOD ENDED 30 JUNE 2004

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 30 June 04	Company 30 June 04
		£
Shares issued, partly paid	12,500	12,500
Loss for the financial period	(211,627)	(91,808)
Closing shareholder's equity deficit	<u>(199,127)</u>	<u>(79,308)</u>

13. POST BALANCE SHEET EVENTS

On 12 July 2004 the company entered into an agreement to acquire 500 shares in Boa Vista Holdings Limited ("Boa Vista"), a company registered in Switzerland, the consideration being SFr. 500,000. In addition, the company entered into a facility agreement with Boa Vista to lend €750,000, repayable at the discretion of the Board of Boa Vista and in any event no later than 31 December 2009. €250,000 was lent at the date of the agreement. A further €250,000 is due to be paid on 15 January 2005 and the balance at the discretion of the Boa Vista board.

On 10 June 2004 the company entered into a conditional agreement to acquire a holiday sales and operating business carried on by Handmade Holidays Limited, for a total aggregate amount of £205,000. £20,000 was paid at that date, with a further £100,000 on 21 July 2004 and the balance on 11 August 2004, being the date of completion.