

Company Registration No. 3123199

Parent company accounts of  
7179114 - Devon Enterprises Ltd

**CLUB LA COSTA (UK) PLC**

**Annual Report and Financial Statements  
For the year ended 31 December 2017**

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COMPANIES HOUSE

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2017**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R Bratt (resigned September 2017)  
E Revivo  
D Fairbrother  
G Bruce  
H O'Donnell (appointed September 2017)  
G Wilding (appointed September 2017)

**SECRETARY**

Mapa Management & Administration Services Limited

**REGISTERED OFFICE**

Hallswelle House  
1 Hallswelle Road  
London  
NW11 0DH

**BANKERS**

Barclays Bank plc  
1250 High Road  
Wetstone  
London  
N20 0PB

**SOLICITORS**

PCB Lawyers LLP  
70 Baker Street  
London  
W1U 7DL

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

**AUDITOR**

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

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2017.

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

### REVIEW OF THE BUSINESS

The year ended 31<sup>st</sup> December 2017 has been a challenging but exciting one for the combined Group. The significant increase in revenue in 2017 is mainly due to the expansion of the marketing activity in the UK which has been facilitated through the opening of new CLC World Travel Centres in London (May 2014), Birmingham (May 2015), Manchester (April 2016), Milton Keynes (August 2016) and Gloucester (Cotswolds) in May 2017. The Birmingham office was closed in August 2016 and moved to Milton Keynes. Currently the Group is looking to increase the capacity of its existing Travel Centres in the UK to increase production of new Members.

The Directors consider that 2017 has been a very promising year with success being generated principally through the opening of additional CLC World Travel Centres in the UK and with further growth being seen to date in 2018 expect this to drive profitability into 2019 and beyond.

As per the OECD 2018 Tourism report, tourism continues being a major economic sector, contributing, on average, 4.2% of the GDP and 21.7% of services exports in the OECD area. International tourist arrivals have grown by 4.9% in the last 4 years – UK being above the average - and recent trends point to continued growth and outreach.

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:

	2017 £	2016 £	Change %
Turnover	72,886,264	67,772,051	8%
Group operating profit/(loss)	1,342,898	(4,186,700)	132%
Shareholder's deficit	(5,191,493)	(6,005,841)	13%
Current assets as % of current liabilities ('quick ratio')	100%	100%	0%

Turnover has increased by 8% during the year, this primarily driven by Timeshare sales – mainly in UK - of £41,928,831 in 2017 compared to £36,314,464 in 2016 (an increase of 15%).

Total operating profit moved from a loss of £4,186,700 in 2016 to a profit of £1,342,898 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 remained consistent versus the prior year.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

## STRATEGIC REPORT (continued)

### 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.

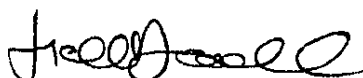
#### **Legislative risk**

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.

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the result for the year following the changes made last year and expect that the Group's performance will continue into 2018. 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 May 2018

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2017.

### **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 5 January. The company has made its accounts up to 31 December 2017 in accordance with its accounting policy.

### **GOING CONCERN**

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

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

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

### **RESULTS AND DIVIDENDS**

The consolidated profit and loss account is set out on page 10 and shows the profit for the year. The profit for the year before taxation amounted to £1,287,692 (2016: loss of £4,248,670).

The directors cannot recommend payment of a final dividend (2016: same). The profit of £1,351,932 (2016: loss of £3,617,225) has been transferred (from)/to reserves.

### **DIRECTORS**

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

### **EMPLOYEES**

The average headcount within the Group has decreased by 10% from 782 in 2016 to 704 in 2017.

### **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 2017 were 4 days (2016: 3 days).

### **DISABLED EMPLOYEES**

It is the policy of the Group to give full consideration to suitable applications for employment of disabled persons. Every effort is made, where employees of the Group become disabled, to retain them in their employment, or consider them for other positions.

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

## **DIRECTORS' REPORT (continued)**

### **EMPLOYEE CONSULTATION**

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

### **EXISTENCE OF BRANCHES OUTSIDE THE UK**

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

### **MATTERS INCLUDED IN THE STRATEGIC REPORT**

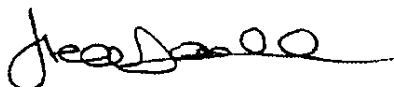
In accordance with s414(C) (11) of the Companies Act, included in the Strategic report is information relating to the financial risk management and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations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

### **AUDITOR**

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

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

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



H O'Donnell, Director

30 May 2018

## **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 2017 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 parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies ; and
- the related notes 1 to 21.

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.

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

We have nothing to report in respect of these matters.

**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](http://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)**

**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.

**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.



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

30 May 2018

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2017**

	Note	2017 £	2016 £
<b>TURNOVER</b>	3	72,886,264	67,772,051
Cost of sales		(18,521,912)	(17,048,381)
<b>GROSS PROFIT</b>		<u>54,364,352</u>	<u>50,723,670</u>
Administrative expenses		(53,021,454)	(54,910,370)
<b>OPERATING PROFIT/(LOSS)</b>	5	<u>1,342,898</u>	<u>(4,186,700)</u>
Finance costs (net)	6	(55,206)	(61,970)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<u>1,287,692</u>	<u>(4,248,670)</u>
Tax credit on profit/(loss)	7	64,240	631,445
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><u>1,351,932</u></u>	<u><u>(3,617,225)</u></u>

The above results are all derived from continuing operations.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2017**

	2017 £	2016 £
Profit/(Loss) for the financial year	1,351,932	(3,617,225)
Currency translation differences on foreign currency subsidiaries	<u>(537,584)</u>	<u>1,669,997</u>
Other comprehensive (expense)/income	<u>(537,584)</u>	<u>1,669,997</u>
Total comprehensive income/(expense)	<u><u>814,348</u></u>	<u><u>(1,947,228)</u></u>

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2017

	Note	2017 £	2016 £
<b>NON-CURRENT ASSETS</b>			
Negative goodwill	8	(182,373)	(273,560)
Tangible fixed assets	9	8,953,330	9,650,132
		<u>8,770,957</u>	<u>9,376,572</u>
<b>CURRENT ASSETS</b>			
Stocks	11	9,014,253	14,195,250
Debtors	12	17,204,408	17,332,181
Cash at bank and in hand		<u>5,567,192</u>	<u>6,117,705</u>
		31,785,853	37,645,136
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(31,867,761)</u>	<u>(37,787,986)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(81,908)</u>	<u>(142,850)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,689,049	9,233,722
<b>CREDITORS: amounts falling due in more than one year</b>	14	<u>(13,880,542)</u>	<u>(15,239,563)</u>
<b>NET LIABILITIES</b>		<u>(5,191,493)</u>	<u>(6,005,841)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	500,000	500,000
Merger reserve		(787,791)	(787,791)
Profit and loss account		<u>(4,903,702)</u>	<u>(5,718,050)</u>
<b>TOTAL SHAREHOLDER'S DEFICIT</b>		<u>(5,191,493)</u>	<u>(6,005,841)</u>

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 30 May 2018

Signed on behalf of the Board of Directors



H O'Donnell, Director

**CLUB LA COSTA (UK) PLC**

**COMPANY BALANCE SHEET**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,056,967	1,098,285
Investments	10	1,003,069	1,003,069
		<u>2,060,036</u>	<u>2,101,354</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,365,418	1,188,548
Debtors	12	18,437,173	19,900,169
Cash at bank and in hand		1,739,218	2,673,294
		<u>21,541,809</u>	<u>23,762,011</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(30,871,113)	(32,835,764)
<b>NET CURRENT LIABILITIES</b>		<u>(9,329,304)</u>	<u>(9,073,753)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(7,269,268)	(6,972,399)
<b>CREDITORS: amounts falling due in more than one year</b>	14	(2,207,409)	(2,289,496)
<b>NET LIABILITIES</b>		<u>(9,476,677)</u>	<u>(9,261,895)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	500,000	500,000
Profit and loss account		(9,976,677)	(9,761,895)
<b>TOTAL SHAREHOLDER'S DEFICIT</b>		<u>(9,476,677)</u>	<u>(9,261,895)</u>

The company reported a loss for the financial year ended 31 December 2017 of £96,549 (2016: £2,895,186)

The financial statements of Club La Costa (UK) plc (Company number 3123199) were authorised and approved by the Board of Directors on 30 May 2018.

Signed on behalf of the Board of Directors



H O'Donnell, Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2017**

	<b>Called-up Share Capital £</b>	<b>Merger reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2016</b>	500,000	(787,791)	(3,770,822)	(4,058,613)
Loss for the year	-	-	(3,617,225)	(3,617,225)
Other comprehensive expense	-	-	1,669,997	1,669,997
<b>Total comprehensive expense</b>	-	-	(1,947,228)	(1,947,228)
<b>At 31 December 2016</b>	500,000	(787,791)	(5,718,050)	(6,005,841)
Profit for the year	-	-	1,351,932	1,351,932
Other comprehensive expense	-	-	(537,584)	(537,584)
<b>Total comprehensive expense</b>	-	-	814,348	814,348
<b>At 31 December 2017</b>	<u>500,000</u>	<u>(787,791)</u>	<u>(4,903,702)</u>	<u>(5,191,493)</u>

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



**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2017**

	<b>Called-up Share Capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2016</b>	500,000	(6,927,026)	(6,427,026)
Loss for the year	-	(2,895,186)	(2,895,186)
Other comprehensive expense	-	60,317	60,317
<b>Total comprehensive expense</b>	-	(2,834,869)	(2,834,869)
<b>At 31 December 2016</b>	500,000	(9,761,895)	(9,261,895)
Loss for the year	-	(96,549)	(96,549)
Other comprehensive expense	-	(118,233)	(118,233)
<b>Total comprehensive expense</b>	-	(214,782)	(214,782)
<b>At 31 December 2017</b>	<u>500,000</u>	<u>(9,976,677)</u>	<u>(9,476,677)</u>

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

**CONSOLIDATED CASHFLOW STATEMENT**  
**Year ended 31 December 2017**

	Note	2017 £	2016 £
<b>Net cash flows from operating activities</b>	18	460,416	(1,244,456)
<b>Cash flows from investing activities</b>			
Proceeds from sale of equipment		(1,400)	59,202
Purchase of equipment		(946,403)	(1,201,988)
Interest received		722,954	689,779
<b>Net cash flows from investing activities</b>		<u>(224,849)</u>	<u>(453,007)</u>
<b>Cash flows from financing activities</b>			
Repayments of obligations under finance lease		(107,549)	(110,131)
New bank loan raised		168,579	137,904
Interest paid		(778,160)	(751,750)
<b>Net cash flows from financing activities</b>		<u>(717,130)</u>	<u>(723,987)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(481,563)</u>	<u>(2,421,450)</u>
<b>Cash and cash equivalents at beginning of year</b>		6,117,705	7,555,140
Net decrease in cash and cash equivalents		(478,763)	(2,421,450)
Effect of foreign exchange rate changes		(68,950)	984,015
<b>Cash and cash equivalents at end of year</b>		<u>5,567,192</u>	<u>6,117,705</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2017

#### 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. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

##### **Going concern**

The directors are fully aware of their duty to assess the Group and Company's going concern status and have attended to this with particular care in consideration of the current economic outlook. This has been discussed further in the directors' report on page 4.

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

##### **Accounting period**

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

##### **Consolidation and results**

The Group financial statements consolidate the 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

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

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

Fixtures and fittings	33% straight line
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Leasehold improvements are depreciated over the shorter of five years and the remaining lease term.

**Investments**

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

**Taxation**

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leases**

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

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

**Foreign exchange**

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**1. ACCOUNTING POLICIES (continued)**

**Financial instruments**

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

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

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

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

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

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

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

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

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

**Stocks**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**1. ACCOUNTING POLICIES (continued)**

**Pension costs**

Contributions are made to certain individual employees' personal pension schemes. The assets of the schemes are held separately from those of the Group in funds administered by independent third parties. The pension cost charge represents contributions payable by the Group in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The amount owed in respect of the current reporting period that has not been paid over to defined contribution pension schemes at year end is £nil (2016: £nil).

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

**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.

The key source of estimation and uncertainty considered by the directors when preparing the financial statements are as follows:

**Timeshare stock valuation**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**3. TURNOVER**

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

	2017 £	2016 £
<b>Turnover by geographical location</b>		
UK	13,828,836	11,153,062
Rest of Europe	46,712,698	43,159,201
Rest of World	12,344,730	13,459,788
	<u>72,886,264</u>	<u>67,772,051</u>
 <b>Turnover by business class</b>		
Timeshare membership sold	41,928,831	36,314,464
Hospitality services	12,419,688	11,302,079
Real estate	10,138,617	11,602,775
Others	8,399,128	8,552,733
	<u>72,886,264</u>	<u>67,772,051</u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2017 £	2016 £
<b>Directors' remuneration</b>		
Remuneration for management services	429,936	520,419
Pension contributions	53,340	62,333
	<u>483,276</u>	<u>582,752</u>
 Highest paid director:		
Remuneration	173,450	180,500
Pension contributions	-	-
	<u>173,450</u>	<u>180,500</u>

1 (2016: 2) directors are members of the Company pension scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2017 No.</b>	<b>2016 No.</b>	<b>2017 No.</b>	<b>2016 No.</b>
<b>Monthly average number of persons employed (including directors and employees working outside the UK)</b>				
Marketing and sales	159	165	21	22
Administration	545	617	102	112
	<u>704</u>	<u>782</u>	<u>123</u>	<u>134</u>
	<b>2017 £</b>	<b>2016 £</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Staff costs during the year (including directors)</b>				
Wages and salaries	14,032,781	13,302,564	2,633,693	2,594,089
Social security costs	4,189,326	3,854,755	703,053	656,073
Pension contributions	169,722	112,696	129,380	59,962
	<u>18,391,829</u>	<u>17,270,015</u>	<u>3,466,126</u>	<u>3,310,124</u>

**5. OPERATING PROFIT/ (LOSS)**

		<b>2017 £</b>	<b>2016 £</b>
<b>Consolidated operating profit/ (loss) is after charging/(crediting):</b>			
Depreciation	9	1,020,075	981,885
Amortisation of negative goodwill	8	(91,187)	(91,187)
Cost of stock recognised as an expense		18,521,912	17,048,381
Operating lease rentals		1,110,451	1,354,567
(Loss) / profit on sale of fixed assets		(16,295)	15,173
<b>Auditor's remuneration</b>			
Fees payable to the company's auditor for the audit of the company's annual accounts		11,000	11,000
The audit of the Company's subsidiaries and other companies under common control pursuant to legislation		44,158	43,000
Non-audit fees – other taxation advisory services		<u>6,000</u>	<u>6,000</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**6. FINANCE (COSTS) / INCOME (NET)**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	(778,160)	(751,749)
Less: Investment income	722,954	689,779
	<u>(55,206)</u>	<u>(61,970)</u>
<b>Investment income</b>		
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Income from current asset investments:		
Bank	82	646
Other interest receivable and similar income	722,872	689,133
	<u>722,954</u>	<u>689,779</u>
<b>Interest payable and similar charges</b>		
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
On loans repayable by instalments:		
Bank loans	-	(218)
Finance lease interest	(6,889)	(9,158)
Other interest expense	(771,271)	(742,374)
	<u>(778,160)</u>	<u>(751,750)</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
United Kingdom corporation tax at 19.24% (2016: 20%) based on the profit/(loss) for the year	132,740	40,952
Overseas tax	232,847	(7,515)
Total current tax charge	<u>365,587</u>	<u>33,437</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(429,827)	(664,882)
Total deferred tax credit	<u>(429,827)</u>	<u>(664,882)</u>
Tax credit on profit/loss	<u>(64,240)</u>	<u>(631,445)</u>

The tax credit for the year is lower (2016: lower) than that resulting from applying the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Group profit/(loss) before taxation	1,287,692	(4,248,695)
Profit/(loss) at the standard rate of corporation tax in the UK of 19.24% (2016: 20%)	247,752	(849,739)
Effect of:		
Expenses not deductible for tax purposes	339,742	193,010
Difference between capital allowances and depreciation	(27,446)	(62,569)
Group relief claimed for nil consideration	(111,120)	430,746
Losses utilised	(310,615)	(18,373)
Effect of overseas tax rates	(202,553)	(324,520)
Total tax credit	<u>(64,240)</u>	<u>(631,445)</u>

The standard rate of tax applied to reported profit is 19.24% (2016: 20%). The applicable tax rate has changed following the substantive enactment of Finance Act 2016. The reduction in the main rate to 18% had been substantively enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these financial statements at these prevailing rates.

**8. INTANGIBLE FIXED ASSETS**

	<b>Negative goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	(911,869)
<b>Accumulated amortisation</b>	
At 1 January 2017	638,309
Charge for the year	91,187
At 31 December 2017	<u>729,496</u>
<b>Net book value</b>	
At 31 December 2017	<u>(182,373)</u>
At 31 December 2016	<u>(273,560)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**9. TANGIBLE ASSETS**

<b>The Group</b>	<b>Land &amp; Buildings £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Fixtures &amp; Fittings – Leased £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2017	9,563,298	5,776,857	719,914	16,060,069
Exchange movements	(598,353)	47,375	21,684	(529,294)
Additions	234,788	560,243	151,372	946,403
Transfer	-	317,401	(317,401)	-
Disposals	-	(176,914)	-	(176,914)
<b>At 31 December 2017</b>	<b>9,199,733</b>	<b>6,524,962</b>	<b>575,569</b>	<b>16,300,264</b>
<b>Accumulated depreciation</b>				
At 1 January 2017	1,670,768	4,350,556	388,613	6,409,937
Exchange movements	2,483	60,602	13,298	76,383
Charge for the year	406,829	487,012	126,234	1,020,075
Transfer	-	300,089	(300,089)	-
Disposals	-	(159,461)	-	(159,461)
<b>At 31 December 2017</b>	<b>2,080,080</b>	<b>5,038,798</b>	<b>228,056</b>	<b>7,346,934</b>
<b>Net book value</b>				
At 31 December 2017	7,119,653	1,486,164	347,513	8,953,330
At 31 December 2016	7,892,530	1,426,301	331,301	9,650,132

<b>The Company</b>	<b>Land &amp; Buildings £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	1,159,758	1,608,981	2,768,739
Exchange movements	3,382	9,515	12,897
Additions	193,474	238,722	432,196
<b>At 31 December 2017</b>	<b>1,356,614</b>	<b>1,857,218</b>	<b>3,213,832</b>
<b>Accumulated depreciation</b>			
At 1 January 2017	655,910	1,014,544	1,670,454
Exchange movements	459	1,173	1,632
Charge for the year	218,171	266,608	484,779
<b>At 31 December 2017</b>	<b>874,540</b>	<b>1,282,325</b>	<b>2,156,865</b>
<b>Net book value</b>			
At 31 December 2017	482,074	574,893	1,056,967
At 31 December 2016	503,848	594,437	1,098,285

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**10. INVESTMENTS HELD AS FIXED ASSETS**

	Company £
<b>Shares in subsidiary undertakings (see note 21)</b>	
Cost	
At 1 January 2017 and 31 December 2017	<u>1,003,069</u>

**11. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Timeshare weeks and freehold apartments	8,313,799	13,558,234	1,227,515	1,015,257
Consumables	<u>700,454</u>	<u>637,016</u>	<u>137,903</u>	<u>173,291</u>
	<u>9,014,253</u>	<u>14,195,250</u>	<u>1,365,418</u>	<u>1,188,548</u>

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

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	4,109,077	4,055,504	2,286,326	1,833,138
Amounts owed by group companies	5,430,776	4,529,407	11,047,278	13,211,905
Amounts owed by related undertakings (note 20)	1,231,262	2,106,351	747,521	954,699
Other debtors	1,500,772	1,387,216	644,509	782,417
Other taxes and social security	2,102,462	1,979,215	2,039,805	1,921,956
Corporation tax	-	814,519	-	99,059
Prepayments and accrued income	1,733,622	1,793,359	683,299	428,383
Deferred tax asset (note 15)	<u>1,096,437</u>	<u>666,610</u>	<u>988,435</u>	<u>668,612</u>
	<u>17,204,408</u>	<u>17,332,181</u>	<u>18,437,173</u>	<u>19,900,169</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Mortgages	1,153,640	1,028,654	-	-
Obligations under finance leases	86,558	68,702	12,562	11,688
Trade creditors	1,438,588	1,405,391	104,640	252,049
Amounts owed to group companies	16,021,867	19,378,884	27,488,627	29,932,962
Amounts owed to related undertakings (note 20)	3,116,634	1,582,373	671,632	593,353
Corporation tax	105,101	-	4,656	-
Other taxes and social security	589,933	530,938	217,735	167,011
Other creditors	3,734,648	3,081,542	1,314,020	1,084,454
Accruals and deferred income	5,620,792	10,711,502	1,057,241	794,247
	<u>31,867,761</u>	<u>37,787,986</u>	<u>30,871,113</u>	<u>32,835,764</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases	191,735	140,230	33,228	43,881
Other creditors	13,688,807	15,099,333	2,174,181	2,245,615
	<u>13,880,542</u>	<u>15,239,563</u>	<u>2,207,409</u>	<u>2,289,496</u>

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

Other creditors include a loan payable to Resort Management Finance Services Inc (ILG Group subsidiary) amounting to \$15,146,917 (£11,212,463) (2016: \$15,146,917 (£12,282,504)). This loan is secured against certain properties owned by the Combined Group and payable in full in 5 years. Annual interest of 6% is payable monthly.

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Analysis of borrowings:</b>				
Leasing due				
Within one year	86,558	68,702	12,562	11,688
Between 2 and 5 years	191,735	140,230	33,228	43,881
Borrowings due				
Within one year	1,153,640	1,028,654	-	-
Between 2 and 5 years	11,212,463	12,282,504	-	-
	<u>12,644,396</u>	<u>13,520,090</u>	<u>45,790</u>	<u>55,569</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**15. DEFERRED TAXATION**

	2017 £	2016 £		
<b>Deferred tax asset</b>				
At 1 January	666,610	1,728		
Credit to profit and loss account	429,827	664,882		
	<hr/>	<hr/>		
At 31 December	1,096,437	666,610		
	<hr/> <hr/>	<hr/> <hr/>		
<b>Analysis of deferred taxation</b>				
	<b>Group</b>	<b>Company</b>		
	2017 £	2016 £		
	2017 £	2016 £		
Capital allowances in excess of depreciation	1,297	(1,356)	-	-
Tax losses	1,095,140	667,966	988,435	668,612
	<hr/>	<hr/>	<hr/>	<hr/>
	1,096,437	666,610	988,435	668,612

**The Company**

A potential deferred tax asset of £886,021 (2016: £1,243,246) 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 £974,537 (2016: £1,273,880) in respect of trading losses carried forward and accelerated capital allowances in the company and its subsidiary companies has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if there were sufficient future taxable profits in the subsidiaries.

**16. CALLED UP SHARE CAPITAL**

	2017 £	2016 £
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Called up, allotted and fully paid</b>		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**17. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group and Company had no capital commitments at 31 December 2017 (2016 - £nil).

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

<b>The Group:</b>	<b>Land and Buildings 2017 £</b>	<b>Land and Buildings 2016 £</b>	<b>Plant and Motor Vehicles 2017 £</b>	<b>Plant and Motor Vehicles 2016 £</b>
Leases which expire:				
Within one year	855,200	849,441	58,673	75,269
Within two to five years	1,609,626	1,933,480	19,241	126,091
Over 5 years	-	-	-	-
	<u>2,464,826</u>	<u>2,782,921</u>	<u>77,914</u>	<u>201,360</u>

At 31 December 2017 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 £184,397 (2016 £207,920).

<b>The Company:</b>	<b>Land and Buildings 2017 £</b>	<b>Land and Buildings 2016 £</b>	<b>Plant and Motor Vehicles 2017 £</b>	<b>Plant and Motor Vehicles 2016 £</b>
Leases which expire:				
Within one year	531,428	512,688	58,673	75,269
Within two to five years	1,379,575	1,892,263	19,421	126,091
Over 5 years	-	-	-	-
	<u>1,911,003</u>	<u>2,404,951</u>	<u>78,094</u>	<u>201,360</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**18. CASH FLOW STATEMENT**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	1,342,898	(4,186,700)
Depreciation and amortisation	928,888	890,698
Loss on sale of tangible fixed assets	(16,295)	15,173
	<hr/>	<hr/>
Operating cash flow before movement in working capital	2,255,491	(3,280,829)
Decrease in stock	4,209,806	2,661,288
(Increase)/ decrease in debtors	(2,653,841)	2,764,615
Decrease in creditors	(3,926,282)	(3,320,241)
Taxation received/ (paid)	575,242	(69,289)
	<hr/>	<hr/>
Cash generated by/(used in) operations	<u>460,416</u>	<u>(1,244,456)</u>

**19. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY**

Club La Costa (UK) PLC is a wholly owned subsidiary of CLC Resort Developments Limited, a company incorporated in the Isle of Man. The ultimate parent company is Glinton Limited, a company incorporated in the Isle of Man. 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 2017**

**20. RELATED PARTY TRANSACTIONS**

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

Related party	Operating costs/ recharges		Sales to related party		Amounts owed (to)/by related party at year end	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
<b>Group companies:</b>						
CLC Resort Developments Limited <sup>1</sup>	(9,025,720)	(6,950,488)	1,247,758	1,111,361	(15,724,264)	(19,067,705)
CLC Resort Management Limited <sup>1</sup>	(404,071)	(379,543)	1,721,782	1,266,410	192,135	204,835
Duchally House Leisure Limited <sup>2</sup>	-	-	76,268	67,238	87,485	79,501
Trenythron Manor Leisure Limited <sup>3</sup>	(144,254)	(737,092)	713	1,564	(9,689)	(42,087)
Hustyns Leisure Limited <sup>3</sup>	-	(2,188)	281,801	78,000	281,061	77,230
Caulston Limited <sup>1</sup>	(208,333)	(250,000)	21,612	31,290	-	3,189
HF Hotelbetriebs <sup>4</sup>	-	-	3,556	2,074	2,367	(412)
Remisol SA <sup>5</sup>	(1,323,986)	(404,797)	49,666	36,374	2,051,628	1,391,325
California Beach Premises SL <sup>6</sup>	(42,863)	(32,989)	-	-	341,917	379,914
Tenerife Premises SL <sup>7</sup>	(18,503)	(14,297)	-	-	(262,201)	(214,585)
Tenerife Owning SL <sup>7</sup>	-	-	-	-	1,383,267	1,310,588
Tenerife PV Commercial Premises SL <sup>7</sup>	(70,385)	(54,385)	-	-	(5,161)	84,636
ATRM <sup>8</sup>	-	-	-	-	(15,446)	(37,043)
Andalusian Premises S.A. <sup>6</sup>	(45,050)	(34,672)	-	-	398,133	131,150
First Holiday Finance Limited <sup>9</sup>	-	-	467,287	403,652	548,032	573,105
KTRM <sup>10</sup>	-	-	-	261	(5,106)	(15,285)
Glinton Limited <sup>1</sup>	-	-	-	-	14,302	16,306
IDS Leisure Limited <sup>3</sup>	(2,691,209)	(2,083,383)	150,000	150,000	130,449	277,628
Melsmore Limited <sup>11</sup>	(22,367)	(46,167)	-	-	-	(1,767)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## Year ended 31 December 2017

### 20. RELATED PARTY TRANSACTIONS (continued)

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

Related party	Operating costs/ recharges		Sales to related party		Amount owed (to)/by related party at year end	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
<b>Companies under common control (related undertakings):</b>						
Club La Costa plc <sup>3</sup>	-	-	-	-	(374,470)	(374,470)
Real Estate Promotions Limited <sup>12</sup>	(1,870,776)	(1,894,249)	51,206	25,700	(198,169)	(77,575)
CLC Investments Limited <sup>1</sup>	-	-	-	-	(186,004)	(186,004)
Holiday Leisure Limited <sup>1</sup>	-	(3,178)	-	-	(931,210)	(914,382)
Reymonte SL <sup>13</sup>	(214,846)	(166,006)	-	-	(151,991)	(29,943)
Bellanova Limited <sup>3</sup>	-	-	-	-	2,917	2,917
Ascension Limited <sup>1</sup>	-	-	-	-	(439,729)	59,182
Wellesley Limited <sup>14</sup>	-	-	163,839	317,585	(835,061)	727,247
Puerto Properties SA <sup>5</sup>	(250,392)	(192,709)	-	-	1,192,391	1,317,005
CLC FPOC Enc. Assoc <sup>15</sup>	-	-	-	-	32,486	-
Club La Costa Gayri Menkul <sup>16</sup>	-	-	-	-	3,468	-
Turnberry 2013 Property Investments Limited <sup>17</sup>	-	-	-	-	38,878	-

In revenue there is £82,205 included in respect of the sale of an apartment at favourable rates by a subsidiary undertaking to a director. £72,914 is included in debtors at year end and £nil has been repaid since the balance sheet date.

<sup>1</sup>Registered office: 33 North Quay Douglas Isle of Man, British Isles, IM1 4LB

<sup>2</sup>Registered office: Glenagles, Auctherader PH3 1PN, United Kingdom

<sup>3</sup>Registered office: Halswell House, 1 Halswell Road London, NW11 0DH, United Kingdom

<sup>4</sup>Registered office: Harham 46, 3760 Salfelden am Steinernen Meer, Austria

<sup>5</sup>Registered office: Pueblo Don Alberto Cra Nacional 340 Km 206, 29649, Mijas Costa, Malaga, Spain

<sup>6</sup>Registered office: Urbanización Marina del Sol, 188, 29649, Mijas Costa, Malaga, Spain

<sup>7</sup>Registered office: Urb. Summingle Village Golf, 36820, San Miguel, Santa Cruz de Tenerife, Spain

<sup>8</sup>Registered office: Taitkuyu Mevki, Bobbuk Koyu, 48200, Turkey

<sup>9</sup>Registered office: Aubene House 86 The Broadway, Mill Hill London, NW7 3TD, United Kingdom

<sup>10</sup>Registered office: Kenalpasa Mah Kinarata Mevku, Sokak, 09200, Turkey

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

<sup>12</sup>Registered office: 6 Suffolk Street, Dublin 2, Ireland

<sup>13</sup>Registered office: Calle Finlandia, 8, San Eugenio Alto, Adeje, 38690, Santa Cruz de Tenerife, Spain

<sup>14</sup>Registered office: 123 Melite Street, Valletta, Malta

<sup>15</sup>Registered office: 515 East Park Avenue 2ND FL, Tallahassee, FL 32301

<sup>16</sup>Registered office: Apollonum Sites Sosyal Tesisleri Bobbuk Koyu, Milas, Mugla, Turkey

<sup>17</sup>Registered office: 34 North Quay Douglas Isle of Man, British Isles, IM1 4LB

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**21. ADDITIONAL INFORMATION ON SUBSIDIARIES**

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

**Incorporated in England and Wales**

Ambassador Holidays Limited  
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 Hotelarias 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 2017**

**21. ADDITIONAL INFORMATION ON SUBSIDIARIES (continued)**

**Incorporated in USA**

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

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

**Incorporated in Turkey**

CLC Satis Pazarlama Ve Danismanlik Limited Sirketi

Registered office: 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 2017:

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 2017**

**ADDITIONAL INFORMATION**

As discussed in the Director's Report, the Company has a branch in Spain, named "Club La Costa (UK) Plc Sucursal en España" in the current year. The principal activity of the branch is the promotion and sale of fractional interests and vacation products. The branch losses for the year before taxation amount to £2,918,274 (€3,288,895) (2016 losses: £4,554,586 (€5,337,975)). This disclosure does not form part of the statutory financial statements.

During the year 2017 "Club la Costa (UK) plc Sucursal en España" has received a participation loan from its subsidiary European Resorts & Hotels S.L for the amount of £3,105,990 (€3,500,000) to fund future operations.