

**Flanesford Priory Limited**

Financial statements

For the year ended 31 December 2003

**Grant Thornton** 



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**Company No. 2907496**

## Company information

**Company registration number :** 2907496

**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 financial statements for the year ended 31 December 2003.

### **Principal activity**

The company did not trade during the year.

### **Results and dividends**

On 29 June 2003 the director declared a dividend of £142,580 (2002 : £Nil).

### **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 year 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.

The director is responsible for maintaining 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.

BY ORDER OF THE BOARD



R J McGee  
Secretary

## Report of the independent auditors to the members of Flanesford Priory Limited

We have audited the financial statements of Flanesford Priory 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 9. 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 Flanesford Priory 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 result 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

*19/5/2004*

## 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 from the previous year and are set out below.

### **Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost of all tangible fixed assets, other than freehold land, by equal annual instalments over their expected useful lives. The rates generally applicable are :

Freehold buildings	2% to 5% per annum
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### **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.

## Profit and loss account

	Note	2003 £	2002 £
Dividends	1	(142,580)	—
Transfer to reserves	6	<u>(142,580)</u>	<u>—</u>

The results disclosed above all relate to continuing operations.

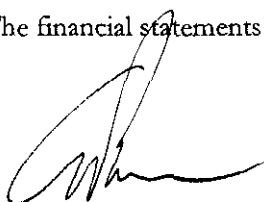
*There were no recognised gains or losses other than the results disclosed above.*



## Balance sheet

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	2	<u>74,771</u>	<u>-</u>
<b>Current assets</b>			
Debtors	3	100	142,680
Creditors : amounts falling due within one year	4	<u>(74,771)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(74,671)</u>	<u>142,680</u>
<b>Net assets</b>		<u><u>100</u></u>	<u><u>142,680</u></u>
<b>Capital and reserves</b>			
Called up share capital	5	100	100
Profit and loss account	6	-	<u>142,580</u>
<b>Equity shareholders' funds</b>	7	<u><u>100</u></u>	<u><u>142,680</u></u>

The financial statements were approved by the Board on 19<sup>th</sup> May 2004.



G I Bruce

Director

## Notes to the financial statements

### 1 Dividends

	2003	2002
	£	£
Equity dividends:		
Ordinary dividend of £1,425.80 (2002 : £Nil) per share	<u>142,580</u>	<u>-</u>

### 2 Tangible fixed assets

	Freehold land and buildings £
<b>Cost</b>	
At 1 January 2003	-
Transfer from group company	<u>211,002</u>
At 31 December 2003	<u>211,002</u>
<b>Depreciation</b>	
At 1 January 2003	-
Transfer from group company	<u>136,231</u>
At 31 December 2003	<u>136,231</u>
<b>Net book amount</b>	
At 31 December 2003	<u>74,771</u>
At 31 December 2002	<u>-</u>

### 3 Debtors

	2003	2002
	£	£
Amounts owed by group undertakings	<u>100</u>	<u>142,680</u>

### 4 Creditors : amounts falling due within one year

	2003	2002
	£	£
Amounts owed to group undertakings	<u>74,771</u>	<u>-</u>

**5 Share capital**

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

**6 Profit and loss account**

	£
At 1 January 2003	142,580
Retained loss for the financial year	<u>(142,580)</u>
At 31 December 2003	<u>-</u>

**7 Reconciliation of movements in equity shareholders' funds**

	2003	2002
	£	£
Dividends	(142,580)	-
Opening equity shareholders' funds	<u>142,680</u>	<u>142,680</u>
Closing equity shareholders' funds	<u>100</u>	<u>142,680</u>

**8 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.

**9 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.