

ARTHUR
ANDERSEN

Grand Vacation Club Limited
(Limited by guarantee)

Accounts 31 December 1998
together with directors' and auditors' reports

Registered number: 2930567



Directors' report

For the year ended 31 December 1998

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1998.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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 to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Principal activities

The company performs the role of an owners club for the purchasers of points rights from Sunterra Europe Limited, a founder member of the company. Purchasers of such points rights become members of the company. Sunterra Europe Limited is a subsidiary of Sunterra Europe (Group Holdings) Plc.

The members are able to use their points rights for accommodation rights at holiday properties. The legal interest in the holiday properties is placed in trust by Sunterra Europe (Group Holdings) plc and its subsidiary companies ("the group") and held in trust on behalf of the company, by First National Trustee Company Limited. The accommodation rights, at locations developed or acquired by the group, are transferred to the company by the group.

The company has delegated its responsibilities for the management and administration of its operations to a management company, Grand Vacations Management Limited. The members pay annual management fees direct to this management company and all income and expenditure arising from management and administration are reflected in that company's accounts.

These arrangements result in the company not trading and therefore neither a profit or loss account nor a statement of recognised gains and losses are presented. The directors do not recommend the payment of a dividend (1997 - £Nil).

The financial position of the company is set out in the balance sheet on page 4.

Directors' report (continued)

Directors and their interests

The directors who served during the year are as shown below:

I.K. Ganney (resigned 18 June 1998)
R.I. Harrington (resigned 9 March 1998)
L.N. Riley
P.D. Openshaw
N.J. Benson (appointed 9 March 1998)
G. Bruce (appointed 18 June 1998)

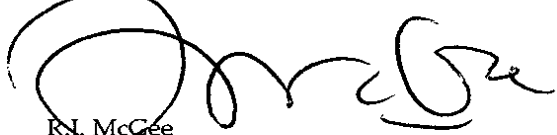
R.I. Harrington, N.J. Benson and G. Bruce are directors, and I.K. Ganney was until his resignation, a director of the immediate parent undertaking, Sunterra Europe (Group Holdings) Plc and their interests in the shares of the holding company are disclosed in the accounts of that company.

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



R.J. McGee
Secretary

Pine Lake Resort
Carnforth
Lancaster
LA6 1JZ

30 June 1999

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of Grand Vacation Club Limited:

We have audited the accounts on pages 4 and 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

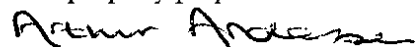
Basis of opinion

We conducted our audit in accordance with 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 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 company's state of affairs at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

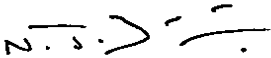
30 June 1999

Balance sheet

31 December 1998

	Notes	1998 £	1997 £
Net assets		-	-
Capital and reserves		-	-

Signed on behalf of the Board



N.J. Benson

Director

30 June 1999

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1998

1 Accounting policy

The principal accounting policy is summarised below and has been applied consistently throughout the period.

Basis of accounting

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

2 Share capital

The company is limited by guarantee and has no share capital. Membership liability is limited to £1 per member.