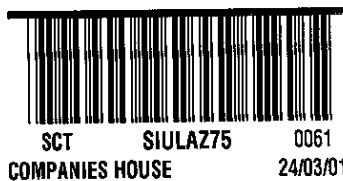


Barratt International Resorts Limited
Annual report
for the year ended 30 June 2000

Registered Number 19593 (Registered in Scotland)



EDM

Barratt International Resorts Limited

Annual report

for the year ended 30 June 2000

Contents

Directors' report for the year ended 30 June 2000	1
Auditors' report to the members of Barratt International Resorts Limited	3
Group profit and loss account for the year ended 30 June 2000	4
Group balance sheet as at 30 June 2000	5
Group cash flow statement for the year ended 30 June 2000	6
Accounting policies	7
Notes to the financial statements for the year ended 30 June 2000	8
Company balance sheet as at 30 June 2000	18

Barratt International Resorts Limited

Directors' report for the year ended 30 June 2000

The directors present their report and the audited accounts for the year ended 30 June 2000.

Principal activities

The principal activities of the group are the sale, management and rental of timeshare units and associated hotel and leisure activities.

Business review

The results for the year are shown in the profit and loss account on page 4.

The directors are satisfied with the group's results and progress to date and expect the group to operate at a similar level of activity in the foreseeable future.

Joint venture

On 8 July 1998, the company entered into a joint venture with Ermita Leisure Limited, forming Barratt International Resorts Ermita Limited. The joint venture company commenced trading on 14 May and its principal activity is the sale of timeshare units and associated activities.

Directors

The directors of the company at 30 June 2000, all of whom have been directors for the whole of the year ended on that date, were:

F Eaton	(Chairman)
P S M Harrison	(resigned 1 February 2000)
A McCarrick	(appointed 1 February 2000)
C A Dearlove	
J Busby	
D MacDonald	
G H Smith	

Directors' interests

None of the directors had any interests in the share capital of the company at the year end.

Employees

It is company policy to give fair consideration to the employment needs of disabled people, and to people who become disabled during their employment.

The directors recognise the importance of good communications and relations with employees and adopt such employee consultation as is appropriate.

Barratt International Resorts Limited

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Creditor payments

It is policy for the year ended 30 June 2000 to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. Implementation of this policy resulted in a supplier payment period for the company of 42 days for its trade creditors at 30 June 2000 (1999: 40 days).

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

On behalf of the Board



Director

27 February 2001

Barratt International Resorts Limited

Auditors' report to the members of Barratt International Resorts Limited

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' 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 directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 30 June 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
27 February 2001

Barratt International Resorts Limited

Group profit and loss account for the year ended 30 June 2000

	Note	2000 £'000	1999 £'000
Turnover: group and share of joint venture		19,602	15,050
Less: share of joint venture		(606)	-
Group turnover		18,996	15,050
Operating profit	1	2,309	2,208
Share of joint venture operating profit		197	-
Profit on ordinary activities before interest and taxation		2,506	2,208
Interest payable	3	(76)	(122)
Profit on ordinary activities before taxation	6	2,430	2,086
Taxation	7	(1,026)	(840)
Retained profit for the year	15	1,404	1,246

All activities of the group are continuing.

The group has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalent.

Barratt International Resorts Limited

Group balance sheet as at 30 June 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	14,070	9,366
Investments	9	28	33
		14,098	9,399
Investment in joint venture			
Share of gross assets		866	-
Share of gross liabilities		(866)	-
		-	-
Current assets			
Stocks	10	1,432	2,185
Debtors	11	2,908	1,882
Cash at bank and in hand		373	141
		4,713	4,208
Creditors: amounts falling due within one year	12	(11,293)	(7,769)
Net current liabilities		(6,580)	(3,561)
Provisions for liabilities and charges	13	(1,630)	(1,354)
Net assets		5,888	4,484
Capital and reserves			
Called-up share capital	14	936	936
Profit and loss account	15	4,952	3,548
Shareholders' funds	16	5,888	4,484
Analysis of shareholders' funds			
Equity shareholders' funds		5,881	4,477
Non-equity shareholders' funds		7	7
		5,888	4,484

The accounts on pages 4 to 18 were approved by the board of directors on 27 February 2001 and signed on its behalf by:



 }
 } Directors
 }

Barratt International Resorts Limited

Group cash flow statement for the year ended 30 June 2000

	Note	2000 £'000	1999 £'000
Net cash inflow from operating activities	19	4,495	4,476
Returns on investments and servicing of finance			
Interest paid		(5)	(29)
Net cash outflow from returns on investments and servicing of finance		(5)	(29)
Taxation		(731)	(2,162)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(5,262)	(365)
Sale of tangible fixed assets		22	27
Funding to joint venture		(653)	-
Repayment of investment		5	40
Net cash outflow from capital expenditure and financial investments		(5,888)	(298)
Cash (outflow)/inflow before financing		(2,129)	1,987
Financing			
Related party funding/(repayment)		2,250	(2,162)
Increase/(decrease) in cash	20	121	(175)

Reconciliation of net cash flow to movement in net debt

	Note	2000 £'000	1999 £'000
Increase/(decrease) in cash in period		121	(175)
Cash flow from decrease/(increase) in funding		(2,250)	2,162
Change in net debt resulting from cash flows		(2,129)	1,987
Net debt at 1 July	20	(1,825)	(3,812)
Net debt at 30 June	20	(3,954)	(1,825)

Barratt International Resorts Limited

Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The group prepares its accounts under the historical cost convention.

Consolidation

The group accounts include the results of the holding company and all its subsidiary undertakings made up to 30 June 2000. They also include the group's share of results of the joint venture.

Tangible fixed assets and depreciation

Financial Reporting Standard 15 'Tangible fixed assets' has been adopted in this year's financial statement. The group has changed its depreciation policy on freehold buildings in accordance with the standard.

Tangible fixed assets are stated at cost with depreciation calculated so as to write-off the costs of assets over their estimated useful lives, using the straight line method as follows:

Freehold property	2% per annum
Plant and machinery	10 – 50% per annum

Depreciation is not charged against assets in the course of construction until the asset is complete.

Investments

Investments are stated at cost less provisions where cost falls below recoverable amount.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Turnover

Turnover consists of sales of timeshare units and income received from hotel, leisure and rental activities, exclusive of value added tax.

Operating leases

Operating lease rentals are charged to the profit and loss in equal instalments over the life of the lease.

Deferred taxation

Provision is made under the liability method for those liabilities that are expected to arise in the foreseeable future.

Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employee's services. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. Exchange differences arising on retranslation are taken to the profit and loss account.

Barratt International Resorts Limited

Notes to the financial statements for the year ended 30 June 2000

1 Operating profit

	2000 £'000	1999 £'000
Turnover: group and share of joint venture	19,602	15,050
Less: share of joint venture	(606)	-
Group turnover	18,996	15,050
Cost of sales	(15,898)	(11,763)
Gross profit	3,098	3,287
Administrative expenses	(1,135)	(1,079)
Exceptional administrative expense item (note 2)	346	-
	(789)	(1,079)
Operating profit	2,309	2,208

2 Exceptional item

Operating profit includes income of £346,000 in relation to a rates rebate which the directors believe is settled. The rebate is a result of an assessment by local authorities which identified that the company had been overcharged in prior years.

3 Interest payable

	2000 £'000	1999 £'000
On bank loans and overdrafts	5	29
Other interest	71	93
	76	122

4 Directors' emoluments

None of the directors received any emoluments from the company or group during the year ended 30 June 2000.

Barratt International Resorts Limited

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was 540 (1999: 550):

	2000 £'000	1999 £'000
Staff costs (for the above persons):		
Wages and salaries	5,163	4,679
Social security costs	638	589
Other pension costs (note 17)	43	30
	5,844	5,298

6 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation - tangible owned fixed assets	546	296
Auditors' remuneration - audit services	12	12
- non-audit services	-	2
Hire of plant and machinery - operating leases	188	185
Hire of other assets - operating leases	106	106
(Profit)/loss on disposal of fixed assets	(5)	8

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £1,405,000 (1999: £1,222,000).

Barratt International Resorts Limited

7 Taxation

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30% (1999: 30.75%):		
Current	986	940
Over provision in respect of prior years	(29)	(100)
Joint venture	69	-
	1,026	840

8 Tangible fixed assets

Group	Assets in the course of construction £'000	Freehold property £'000	Plant £'000	Total £'000
Cost				
At 1 July 1999	420	7,738	4,221	12,379
Additions	2,391	2,418	458	5,267
Reclassification	(589)	-	589	-
Disposals	-	-	(45)	(45)
At 30 June 2000	2,222	10,156	5,223	17,601
Depreciation				
At 1 July 1999	-	99	2,914	3,013
Charge for the year	-	210	336	546
Disposals	-	-	(28)	(28)
At 30 June 2000	-	309	3,222	3,531
Net book value				
At 30 June 2000	2,222	9,847	2,001	14,070
At 30 June 1999	420	7,639	1,307	9,366

Barratt International Resorts Limited

Company	Assets in the course of construction £'000	Freehold property £'000	Plant £'000	Total £'000
Cost				
At 1 July 1999	420	7,738	4,163	12,321
Additions	2,391	2,418	458	5,267
Reclassification	(589)	-	589	-
Disposals	-	-	(38)	(38)
At 30 June 2000	2,222	10,156	5,172	17,550
Depreciation				
At 1 July 1999	-	99	2,914	3,013
Charge for the year	-	210	336	546
Disposals	-	-	(28)	(28)
At 30 June 2000	-	309	3,222	3,531
Net book value				
At 30 June 2000	2,222	9,847	1,950	14,019
At 30 June 1999	420	7,639	1,249	9,308

Barratt International Resorts Limited

9 Fixed asset investments

Group	Other investments £'000
Cost	
At 1 July 1999	33
Provisions during the year	(5)
At 30 June 2000	28

Company	Interests in group undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 July 1999	1	33	34
Provisions during the year	-	(5)	(5)
At 30 June 2000	1	28	29

Interests in group undertakings at 30 June 2000

Name of undertaking	Country of incorporation or registration	Principal activity	Description of shares held	Proportion of nominal value of issued shares held
Forest Hills Hotel (Loch Ard Aberfoyle) Limited	England	Dormant	1,000,000 deferred £1 shares 10,000 ordinary 1p shares	100%
Barratt Dona Lola No 1 Limited	England	Property rental	2 ordinary £1 shares	100%
Leila Playa No 4 Limited	England	Property rental	2 ordinary £1 shares	100%
Winterhaven Properties Limited	Gibraltar	Non-trading	100 ordinary £1 shares	100%
Barratt Travel Club	England	Non-trading	50,000 ordinary £1 shares	100%
Barratt International Resorts Ermita Limited	Scotland	Timeshare sales	50 ordinary £1 shares	50%

The activities of Barratt Multi-ownership Spain SA, the company's agent in Spain, are incorporated in the accounts of the company and the group.

Barratt International Resorts Limited

10 Stocks

	Group and Company	
	2000	1999
	£'000	£'000
Raw materials and consumables	226	199
Timeshare units available for sale	1,206	1986
	1,432	2,185

11 Debtors

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,666	1,488	1,655	1,477
Other debtors	70	82	52	59
Prepayments and accrued income	340	312	339	311
Amounts owed by joint venture	179	-	179	-
	2,255	1,882	2,225	1,847
Amounts falling due after one year				
Amounts owed by joint venture	653	-	653	-
	2,908	1,882	2,878	1,847

The balance owed by the joint venture includes £653,171 that was transferred as funding on the commencement of trade of the joint venture. This amount is not recoverable within one year.

Barratt International Resorts Limited

12 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	809	698	759	628
Trade creditors	1,842	1,429	1,830	1,419
Loan owed to related parties	3,518	1,268	3,518	1,268
Amounts owed to subsidiary companies	-	-	1,558	1,555
Other taxation and social security payable	150	93	149	93
Other creditors	1,458	899	1,428	881
Accruals and deferred income	2,040	2,056	2,000	2,009
UK corporation tax payable	1,407	1,257	1,407	1,264
Group relief payable	69	69	69	69
	11,293	7,769	12,718	9,186

Barratt Developments PLC has provided a guarantee to certain banks in respect of the company's bank financing.

The amounts owed to joint venture parties are interest bearing which is charged at a rate of 8.25% per annum. Amounts are advanced to the company in equal amounts from both of the joint venture parties as and when funding is required.

13 Provisions for liabilities and charges

	Group and company
	£'000
At 1 July 1999	1,354
Additional provisions in the year	276
At 30 June 2000	1,630

Provisions relate to certain liabilities in respect of Spanish Timeshare sales, which have been estimated using sales and liability rates for the relevant period. The directors are uncertain when these liabilities will eventually be settled as this is dependent upon final clarification with the relevant parties.

Barratt International Resorts Limited

14 Called up share capital

	2000 £'000	1999 £'000
Authorised		
1,000,000 (1999: 1,000,000) ordinary shares of £1 each	1,000	1,000
3,000 5% cumulative preference shares of £1 each	3	3
	1,003	1,003
Allotted, called up and fully paid		
933,000 (1999: 933,000) ordinary share of £1 each	933	933
3,000 5% cumulative preference shares of £1 each	3	3
	936	936

Dividends on the 5% cumulative preference shares have not been paid for twenty six years. The total cumulative amount now payable is £3,900 (1999: £3,750).

The ordinary shares in issue carry equal rights to dividends, equal voting rights and rank after the preference dividends on a winding-up.

As required by Financial Reporting Standard No 4 shareholders' interests have been analysed between equity shareholders' funds and non-equity shareholders' funds. The preference dividend of £150 per annum has not been shown as a charge to the profit and loss account as the figure is not material.

15 Profit and loss account

	Group £'000	Company £'000
At 1 July 1999	3,548	2,017
Retained profit for the year	1,404	1,405
At 30 June 2000	4,952	3,422

16 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the year	1,404	1,246
Opening shareholders' funds	4,484	3,238
Closing shareholders' funds	5,888	4,484

Barratt International Resorts Limited

17 Pension and similar obligations

The Barratt Developments PLC Pension and Life Assurance Scheme makes provision for pensions to eligible past and present employees of the company; contributions to the scheme are based upon pension costs across the group as a whole.

The scheme is a funded, defined benefit scheme. Based upon an independent actuarial review as at 1 December 1996, it is considered that the present funding arrangements are satisfactory and adequate to meet the future liabilities of the scheme. Full disclosure relating to the above pension fund arrangements may be found in the accounts of Barratt Developments PLC.

The pension cost charge for the year was £43,000 (1999: £30,000).

18 Operating leases

At 30 June 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	-	53	-	44
Between two and five years	-	39	-	78
In five years or more	106	-	106	-
	106	92	106	122

19 Net cash inflow from operating activities

	2000 £'000	1999 £'000
Reconciliation of operating profit to net cash inflow from continuing operating activities		
Operating profit	2,309	2,115
(Gain)/loss on sale of fixed assets	(5)	8
Depreciation	546	296
Decrease in stocks	753	789
(Increase)/decrease in debtors	(168)	248
Increase/(decrease) in creditors and provisions	784	1,020
Movement in provisions	276	-
Net cash inflow from continuing activities	4,495	4,476

Barratt International Resorts Limited

20 Analysis of net debt

	At 30 June 2000 £'000	Cash flow £'000	At 30 June 1999 £'000	Cash flow £'000	At 1 July 1998 £'000
Cash at bank and in hand	373	232	141	64	77
Overdraft	(809)	(111)	(698)	(239)	(459)
	(436)	121	(557)	(175)	(382)
Funding from related parties	(3,518)	(2,250)	(1,268)	2,162	(3,430)
Total	(3,954)	(2,129)	(1,825)	1,987	(3,812)

21 Related party transactions

The group has taken advantage of the exemption permitted by FRS 8 not to disclose details of transactions with Barratt International Resorts Limited group companies.

The company is jointly owned by Barratt Developments PLC and Macdonald Hotels plc, each having a 50% interest in the share capital of the company. Neither is considered to be the ultimate controlling party.

The value of services rendered and goods supplied by Barratt Developments PLC and its subsidiaries, for the year ended 30 June 2000 amounted to £1,481,410 (1999: £200,389). At 30 June 2000 the amounts owed by the company to Barratt Developments PLC and its subsidiaries were £243,691 for trading balances and £1,759,000 for funding (1999: trading balances of £252,180 and funding of £634,000).

The value of services and goods supplied by Macdonald Hotels plc and its subsidiaries during the year ended 30 June 2000 amounted to £896,957 (1999: £799,321). At 30 June 2000 the amounts owed by the company to Macdonald Hotels plc were £313,432 for trading balances and £1,759,000 for funding (1999: trading balances of £562,411 and funding of £634,000).

The company has a joint venture holding in Barratt International Resorts Ermita Limited. The value of services and goods supplied to Barratt International Resorts Ermita Limited during the year ended 30 June 2000 amounted to £137,509 (1999: £Nil). At 30 June 2000 the amounts owed to the company from Barratt International Resorts Ermita Limited were £653,171 for funding (1999: £Nil).

Barratt International Resorts Limited

Company balance sheet as at 30 June 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	14,019	9,308
Investments	9	29	34
		14,048	9,342
Current assets			
Stocks	10	1,432	2,185
Debtors	11	2,878	1,847
Cash at bank and in hand		348	119
		4,658	4,151
Creditors: amounts falling due within one year	12	(12,718)	(9,186)
Net current liabilities		(8,060)	(5,035)
Provisions for liabilities and charges	13	(1,630)	(1,354)
Net assets		4,358	2,953
Capital and reserves			
Called-up share capital	14	936	936
Profit and loss account	15	3,422	2,017
		4,358	2,953
Analysis of shareholders' funds			
Equity shareholders' funds		4,351	2,946
Non-equity shareholders' funds		7	7
		4,358	2,953

Approved by the board on 27 February 2001





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 } Directors
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