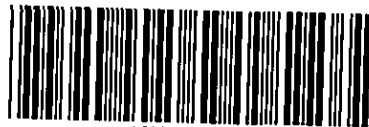


COMPANY NUMBER : 04955835

FOUR WINDS RESORTS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007**

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COMPANY INFORMATION

FOUR WINDS RESORTS LIMITED

Directors :

Nigel Chapman
Nicholas Dickinson

Secretary :

Nicholas Dillow

Registered office :

Carpenters Buildings
Carpenters Lane
Cirencester
Gloucestershire GL7 1EE

Company Number :

04955835

The directors present their report and financial statements for the year ended 31st December 2007.

PRINCIPAL ACTIVITY

The principal activity of the company is that of developing luxury family orientated holiday resort destinations.

DIRECTORS

The directors who served during the year were as follows :

Nigel Chapman
Nicholas Dickinson

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors :

A handwritten signature in black ink, appearing to read 'Mr. Dickinson', with a long horizontal flourish extending to the right.

NICHOLAS DICKINSON
Director

Approved by the board : 29th April 2009

FOUR WINDS RESORTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2007**

	Note	2007 £	2006 £
TURNOVER	1	53,423	115,454
Cost of sales		0	0
GROSS PROFIT		53,423	115,454
Administrative expenses		381,914	474,155
OPERATING LOSS	2	(328,491)	(358,701)
Interest payable	3	208,079	152,189
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(536,570)	(510,890)
TAXATION	4	0	0
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(£536,570)	(£510,890)
DEFICIT at 1st January 2007		(864,086)	(353,196)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(536,570)	(510,890)
DEFICIT at 31st December 2007		(£1,400,656)	(£864,086)

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the year.

BALANCE SHEET AS AT 31ST DECEMBER 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Intangible Assets	5		0		26,933
Tangible Assets	6		0		1,376
Investments	7		2,435,043		2,193,922
			<u>2,435,043</u>		<u>2,222,231</u>
CURRENT ASSETS					
Stocks	8	227,376		227,819	
Debtors	9	119,293		69,394	
		<u>346,669</u>		<u>297,213</u>	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(1,333,668)		(530,530)	
NET CURRENT LIABILITIES			(986,999)		(233,317)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,448,044</u>		<u>1,988,914</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		(2,749,200)		(2,753,500)
NET LIABILITIES			<u>(£1,301,156)</u>		<u>(£764,586)</u>

(Continued on page 7 ...)

BALANCE SHEET AS AT 31ST DECEMBER 2007 (CONTINUED)

	Note	2007 £	2006 £
(... Continued from page 6)			
CAPITAL AND RESERVES			
Called up share capital	12	99,500	99,500
Profit and loss account		(1,400,656)	(864,086)
EQUITY SHAREHOLDERS' DEFICIT	13	<u>(£1,301,156)</u>	<u>(£764,586)</u>

The directors are satisfied that the company is entitled to exemption under Section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to Section 249B(2) of the Act.

The directors acknowledge their responsibilities for :

- (i) ensuring that the company keeps proper accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors :



NICHOLAS DICKINSON
Director

Approved by the board : 29th April 2009

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007**

ACCOUNTING POLICIES

(a) Basis of accounting

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

The company, its joint ventures and its wholly owned subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group financial statements. Therefore, the financial statements only present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from producing a cash flow statement on the grounds that it is a small company.

(b) Turnover

Turnover is the total amount receivable by the company in the ordinary course of business in respect of resort development, project management and other services, excluding VAT.

(c) Going concern

The financial statements have been prepared on a going concern basis which assumes that the shareholders will continue to provide financial support to the company for the foreseeable future as required.

(d) Intangible fixed assets

The intangible asset relates to intellectual property. Amortisation is provided so as to write off the intangible asset over its estimated useful life up to a maximum of 10 years on a straight line basis.

(e) Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows :

Equipment	33.3% straight line
-----------	---------------------

(f) Resort developments in progress

Resort developments in progress are stated at the lower of cost and net realisable value.

(g) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is calculated on an undiscounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 2007

ACCOUNTING POLICIES (continued)

(h) Foreign currencies

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

(i) Investments

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

1. ANALYSIS OF TURNOVER AND PROFIT

Turnover is substantially attributable to the UK market.

Turnover and loss on ordinary activities before taxation are all in respect of the continuing activity of resort development, project management and other services.

	2007	2006
2. OPERATING LOSS		
Operating loss is stated after charging :		
Depreciation of tangible fixed assets	1,376	1,200
Amortisation of intangible fixed assets	26,933	3,367
Directors' emoluments	0	0
Auditors' fees	0	7,000
	=====	=====
3. INTEREST PAYABLE		
Interest payable on shareholder loans	191,262	129,588
Bank interest & other loan interest payable	16,817	22,601
	-----	-----
	£208,079	£152,189
	=====	=====

4. TAXATION

There is no charge to taxation arising in the year due to losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 2007

5. INTANGIBLE FIXED ASSET

	Intellectual Property £
Cost at 1st July 2006 and 30 June 2007	33,667

Amortisation at 1st January 2007	6,734
Amortisation charge for the year	26,933

Amortisation at 31st December 2007	33,667

Net book value at 31st December 2007	£0
	=====
Net book value at 31st December 2006	£26,933
	=====

The intellectual property was fully amortised during the year.

6. TANGIBLE FIXED ASSETS

	Equipment £
Cost at 1st January 2007	3,176
Additions	0

Cost at 31st December 2007	3,176

Depreciation at 1st January 2007	1,800
Depreciation charge for the year	1,376

Depreciation at 31st December 2007	3,176

Net book value at 31st December 2007	£0
	=====
Net book value at 31st December 2006	£1,376
	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 2007

7. INVESTMENTS

	Joint Ventures £	Unlisted Investment £	TOTAL £
EQUITY :			
At 1st January 2007	247,519	30,002	277,521
Movements	0	0	0
At 31st December 2007	£247,519	£30,002	£277,521
LOANS :			
At 1st January 2007	1,052,731	863,670	1,916,401
Movements	241,121	0	241,121
At 31st December 2007	£1,293,852	£863,670	£2,157,522
TOTAL :			
At 1st January 2007	1,300,250	893,672	2,193,922
Movements	241,121	0	241,121
At 31st December 2007	£1,541,371	£893,672	£2,435,043

The company's investment in the ordinary shares of unlisted companies at the balance sheet date comprises :

Company :	Country of incorporation	% holding	Nature of business :
Four Winds Holidays Limited	UK	100%	Holiday & resort operator

The directors have reviewed the future prospects and projected cashflows for Four Winds Holidays Limited and are of the opinion that the amounts will be recoverable in the future.

Joint ventures :

The company has a 50% interest in Baylife plc, a resort operating company incorporated in England. The company has joint control of the business.

The company has a 50% interest in Boa Vista Holding Limited, a resort developing holding company incorporated in Switzerland. The company has joint control of the business.

Inherently there can be no certainty on the outcome for the projects operated by these joint ventures which are subject to obtaining all the necessary regulatory consents and the trading performance of the ventures. However, based on their knowledge and the forecast outcomes, the directors consider that the amounts shown as loans and equity for the joint ventures will be recoverable in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 2007

	2007	2006
8. STOCKS		
Resort developments in progress	£227,376 =====	£227,819 =====
9. DEBTORS		
Amounts owed by related parties	93,851	56,379
Other debtors	18,368	12,760
VAT recoverable	7,074	255
	----- £119,293 =====	----- £69,394 =====
10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	249,880	283,937
Trade creditors	46,538	31,051
Short term shareholder loans	850,000	117,700
Amounts owed to related parties	0	3,488
Taxation & social security	42,554	33,383
Other creditors	0	9,199
Accruals	144,696	51,772
	----- £1,333,668 =====	----- £530,530 =====

The directors have given a limited guarantee for £250,000 over the bank overdraft.

11. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

At 1st January 2007	2,753,500	1,650,000
Movements	(4,300)	1,103,500
	-----	-----
At 31st December 2007	£2,749,200 =====	£2,753,500 =====

During the year the shareholders advanced loans of £36,000 to the company, £59,700 was reallocated from short term loans and £100,000 reallocated to short term loans. These loans are unsecured and are repayable on varying dates between September and November 2009. Interest is payable quarterly at a rate of 5% per annum.

A further £692,000 was advanced by shareholders during the year in the form of unsecured short term loans (see note 10).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 2007

	2007	2006
12. CALLED UP SHARE CAPITAL		
Authorised :		
99,500 ordinary shares of £1 each	£99,500	£99,500
	=====	=====
Allotted and fully paid :		
99,500 ordinary shares of £1 each	£99,500	£99,500
	=====	=====
13. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS		
Opening shareholders' deficit at 1st January 2007	(764,586)	(253,696)
Loss for the financial year after taxation	(536,570)	(510,890)
	-----	-----
Closing shareholders' deficit at 31st December 2007	(£1,301,156)	(£764,586)
	=====	=====

14. RELATED PARTY TRANSACTIONS

Administration and marketing services with a value of £17,500 were provided by the company during the year to Four Winds Holidays Limited, a wholly owned subsidiary.

Four Winds Holidays Limited provided support services to the company during the year with a value of £25,000.

Bristol Associates Limited provided management services to the company during the year with a value of £6,636. Nigel Chapman and Nicholas Dickinson are directors of Bristol Associates Limited.

Browning Associates provided management services to the company during the year with a value of £45,000. Nigel Chapman is a partner in Browning Associates.

Dickinson MSH provided management services to the company during the year with a value of £45,000. Nicholas Dickinson is the principal of Dickinson MSH.

The balance owing to the company at 31st December 2007 was :	2007	2006
Four Winds Holidays Limited	42,260	944
Four Gold Winds SA (wholly owned subsidiary of Boa Vista Holding Limited)	51,591	55,435
	-----	-----
	£93,851	£56,379
	=====	=====

15. COMMITMENTS

At 31st December 2007 the company had entered into joint venture agreements with Boa Vista Holding Limited and Baylife plc.

Under the agreement with Boa Vista Holding Limited the company has a commitment to make loans to finance this joint venture. No further loans have been advanced since the year end.

No work is currently being undertaken in relation to the Baylife plc project pending resolution of site planning issues. Financial obligations under the original joint venture agreement have been suspended.