

Golf Club and Country House Limited
(Registered Number 127842)

Directors' Report and Accounts

For the Year Ended 31 December 1998



Golf Club and Country House Limited

Directors' Report for the Year Ended 31 December 1998

The Directors submit their report and the audited financial statements for the year ended 31 December 1998

Principal activities

Until the sale of the freehold of Woodcote Park to RAC Limited on 17 December 1998, the Company's principal activity was the ownership of the freehold property at Woodcote Park. The Company is no longer trading.

Results and dividends

The Company's deficit for the year ended 31 December 1998 is £4,958. The Company does not propose the payment of a dividend for the 31 December 1998.

Directors and their interests

The directors who held office during the year are given as follows:

J.D. Rose	(Resigned 9 April 1998)
B.K. McGivern	
N.A. Johnson	
Alistair Miller	(Resigned 30 June 1999)

No director has any interest in the share capital of the company.

Golf Club and Country House Limited

Directors' Report for the year ended 31 December 1998 (Continued)

Year 2000

The management of Pall Mall and Woodcote Park Clubhouses Limited has been working on a Year 2000 programme for some time to ensure that the Clubhouses computer systems are compliant by 31 December 1999. The directors have reviewed the plans of Pall Mall and Woodcote Park Clubhouses Limited and are confident that the company's business critical systems will be Year 2000 compliant before 31 December 1999. There can be no guarantee that the measures taken will eliminate all of the potential problems associated with the year change, but it is anticipated that the Club's services will not be affected. The costs of the Year 2000 programme are being borne by Pall Mall and Woodcote Park Clubhouses Limited.

Auditors

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers and the Directors have appointed PricewaterhouseCoopers to fill the casual vacancy caused by the resignation. A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


B.K. McGivern

Director

29 October 1999

Golf Club and Country House Limited

Statement of Directors' Responsibilities

Company law requires the directors 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 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 financial statements;
- 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 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 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.

Auditors' Report to the Members of Golf Club and Country House Limited

We have audited the financial statements on pages 5 to 10 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, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established 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 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 as at 31 December 1998 and of its loss for the year and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
London

29 October 1999

Golf Club and Country House Limited

Income and Expenditure Account for the Year Ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
Income			
Rent receivable		-	5,045
Investment and similar income	1	962	1,024
		962	6,069
Expenditure			
Administration expenses		(5,920)	(32,716)
(Loss) on ordinary activities before exceptional items		(4,958)	(26,647)
Exceptional costs		-	(554,395)
(Loss) on ordinary activities before taxation		(4,958)	(581,042)
Taxation		-	-
(Loss) on ordinary activities after taxation		(4,958)	(581,042)
Retained (loss) brought forward		(777,994)	(196,952)
Retained (loss) carried forward		(782,952)	(777,994)

The company had no recognised gains or losses during the year other than those reflected in the above income and expenditure account.

There is no difference between the reported deficit for the year and those that would be reported under the historical cost convention.

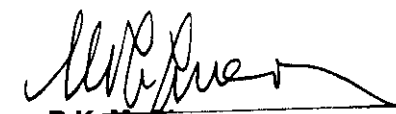
The notes on pages 7 to 10 form part of these accounts.

Golf Club and Country House Limited

Balance Sheet as at 31 December 1998

	Note	1998 £	1997 £
Current assets			
Debtors	5	494,675	500,435
Cash at bank and in hand		39,675	39,059
		534,350	539,494
Creditors - amounts falling due within one year	6	(311,782)	(311,968)
Net current assets		222,568	227,526
Total assets less current liabilities		222,568	227,526
Creditors - amounts falling due after more than one year	7	(1,004,520)	(1,004,520)
Net liabilities		(781,952)	(776,994)
Capital and reserves			
Called up share capital	8	1,000	1,000
Income and expenditure account	9	(782,952)	(777,994)
Total Shareholders' funds		(781,952)	(776,994)

Approved by the Board on 29 October 1998


B.K. McSivern
 Director

The notes on pages 7 to 10 form part of these accounts.

Golf Club and Country House Limited

Notes to the Financial Statements – 31 December 1998

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The following accounting policies have been applied:

(1) Income

Investment and similar income is accounted for on an accruals basis.

(2) Tangible fixed assets

Tangible fixed assets are stated at cost and depreciated on a straight line basis over the estimated useful lives of the assets concerned as follows:

Clubhouse improvements	- at rates between 5% and 20% per annum on cost
Fixtures, fittings, vehicles and equipment	-at rates between 10% and 50% per annum on cost

(3) Contribution to the RAC Pension Scheme

Under the defined benefit plan contributions are provided for over the service lives of the employees so that the regular pension cost is substantially level percentage of the current and expected future pensionable payroll in the light of current and actuarial assumptions. Under the defined contributions plan the Royal Automobile Club (The Group) makes a cash contribution based on a percentage of earnings and this is charged to the income and expenditure account.

(4) Related party transactions

The company has taken advantage of the exemptions granted by FRS 8 to subsidiary undertakings which are more than 90% owned not to disclose transactions with other group entities.

(5) Cash flow statement

The company is a 100% owned subsidiary the Royal Automobile Club Limited. The cash flows of the company are included in the consolidated cash flow statement of the Royal Automobile Club Limited which is publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

2 Directors' emoluments and employees

No emoluments were paid to the directors during the year (1997 – £Nil). The average number of employees during the year, including directors was 2 (1997 – 3).

Golf Club and Country House Limited

Notes to the Financial Statements – 31 December 1998

3 Exceptional costs

	1998 £	1997 £
Loss on disposal of fixed asset	-	554,395

4 Loss on ordinary activities before taxation

	1998 £	1997 £
The loss on ordinary activities before taxation is stated after charging the following:		
Auditors remuneration	860	860

5 Debtors

	1998 £	1997 £
Amounts due from other group companies	494,305	494,305
Other debtors	370	370
Prepayments and accrued income	-	5,760
	494,675	500,435

6 Creditors - amounts falling due within one year

	1998 £	1997 £
Amounts owed to group companies	280,830	281,255
Accruals and deferred income	30,952	30,713
	311,782	311,968

Golf Club and Country House Limited

Notes to the Financial Statements – 31 December 1998

7 Creditors – amounts falling due after more than one year

	1998 £	1997 £
Amounts owed to group companies	1,004,520	1,004,520

8 Called up share capital

	1998 Number	1998 £	1997 Number	1997 £
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted, issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

9 Reserves

	Income and Expenditure Account £
At 1 January 1998	(777,994)
Deficit for the financial year	(4,958)
At 31 December 1998	(782,952)

Golf Club and Country House Limited

Notes to the Financial Statements – 31 December 1998

10 Reconciliation of movement in shareholders' funds

	1998
	£
Deficit for the year	(4,958)
Net additional to shareholders' funds	(4,958)
Shareholders' funds as at 1 January	(776,994)
Shareholders' funds as at 31 December	(781,952)

11 Pension scheme

On 1 July 1998, the RAC defined benefit (final salary) scheme was closed to new employees and a defined contribution (money purchase) section of the RAC Pension Scheme was introduced for new members. Members of the existing scheme were given the choice, until 31 October, to transfer to the new arrangement.

Full details of these schemes are included in the financial statement of the Ultimate Parent Company, The Royal Automobile Club Limited.

12 Ultimate parent undertaking

The ultimate parent undertaking is Royal Automobile Club Limited, a company incorporated in the UK. Copies of the consolidated financial statements can be obtained from the Company Secretary at 89 Pall Mall, London SW1Y 5HS.

13 Parent company support

The parent company, the Royal Automobile Club (formerly the Royal Automobile Club Limited), has indicated its willingness to provide financial support as necessary to ensure that the company can meet its financial obligations as they fall due until 31 December 2000.