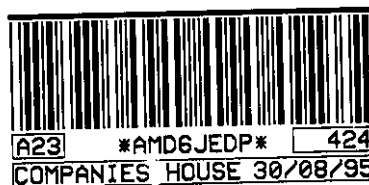


KINGSWOOD GOLF & COUNTRY CLUB LIMITED

REPORTS AND ACCOUNTS

31 OCTOBER 1994

COMPANY No. 1913760



**Hacker
Young**
Chartered Accountants

St. Alphage House 2 Fore Street London EC2Y 5DH

AUDITORS' REPORT TO THE MEMBERS OF

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

We have audited the accounts set out on pages 3 to 9 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

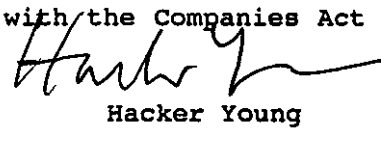
Basis of opinion

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 state of the company's affairs as at 31 October 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Hacker Young

London

Registered Auditor

16 August 1995

Chartered Accountants

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 1994

The directors present their report with the accounts of the company for the year ended 31 October 1994.

RESULTS AND DIVIDENDS

The results for the year are set out on page 3 to the accounts.

The directors recommend the payment of a dividend amounting to £200,000 (1993: £120,000) on the ordinary shares.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company, which trades as Kingswood Golf Club, during the year was the maintenance and conduct of a sports complex and of a business of licensed victuallers and restaurateurs.

In the opinion of the directors the company's results for the year and its financial position at the balance sheet date were satisfactory.

FIXED ASSETS

The changes in fixed assets during the year are shown in the notes to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

T.A. Hilliard
N.C. Tytherleigh (resigned 1 December 1993)
J.T. Hilliard
D.W. McClelland (appointed 1 December 1993)
D.W.B. Howsam (appointed 2 August 1994)

According to the register kept by the company, the directors who held office at 31 October 1994 had no interests in the shares of the company. Their interests in the shares of the company's ultimate holding company are shown in that company's directors' report.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis, and that applicable accounting standards have been followed.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 1994

(CONTINUED)

STATUS

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint Messrs Hacker Young as auditors of the company will be proposed at the Annual General Meeting.

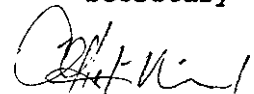
Registered office:
Downs Farm
140 Reigate Road
Ewell
Surrey

By order of the board

J.T. Hilliard

Secretary

30 June 1995



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
TURNOVER	2	£1,181,318	£1,258,485
Cost of sales		533,599	520,743
		<hr/>	<hr/>
GROSS PROFIT		647,719	737,742
Administration expenses		338,564	476,626
		<hr/>	<hr/>
OPERATING PROFIT	3	309,155	261,116
Interest payable and similar charges	5	2,884	4,659
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		306,271	256,457
Tax on profit on ordinary activities	6	(94,911)	(91,587)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		211,360	164,870
Dividend	7	(200,000)	(120,000)
		<hr/>	<hr/>
		11,360	44,870
RETAINED PROFIT brought forward		136,302	91,432
		<hr/>	<hr/>
RETAINED PROFIT carried forward		£ 147,662	£ 136,302
		=====	=====

There were no recognised gains or losses in 1994 or 1993 other than the profit for the year.

The accompanying notes are an integral part of these accounts.

BALANCE SHEET AS AT 31 OCTOBER 1994

	<u>Notes</u>		<u>1993</u>
FIXED ASSETS			
Tangible assets	8	£1,786,805	£1,654,148
CURRENT ASSETS			
Stock	9	18,533	12,748
Debtors	10	27,112	51,692
Cash at bank and in hand		177,233	282,070
		<hr/>	<hr/>
		222,878	346,510
CREDITORS: Amounts falling due within one year			
	11	659,922	478,554
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(437,044)	(132,044)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		1,349,761	1,522,104
CREDITORS: Amounts falling due after more than one year			
	12	(1,165,209)	(1,351,952)
Deferred taxation	13	(6,790)	(3,750)
		<hr/>	<hr/>
		£ 177,762	£ 166,402
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	£ 30,100	£ 30,100
Profit and loss account		147,662	136,302

SIGNED ON BEHALF OF THE BOARD



T.A. HILLIARD - DIRECTOR

30 June 1995

£ 177,762

=====

£ 166,402

=====

The accompanying notes are an integral part of these accounts.

NOTES TO THE ACCOUNTS - 31 OCTOBER 1994

1. ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

b) TURNOVER

Turnover comprises invoiced services less returns exclusive of value added tax.

c) DEPRECIATION

No depreciation is provided on freehold land and buildings which, in the opinion of the directors, have a value in excess of their cost.

Depreciation is provided on other tangible assets on a straight line basis at a rate calculated to write off the cost of each asset over its expected useful life, as follows:

Vehicles	- 20% per annum
Fixtures & fittings, and plant equipment	- 15% per annum
Cups and trophies	- 5% per annum

d) STOCK

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

e) DEFERRED TAXATION

Deferred taxation is provided on the liability method on all timing differences except where no liability is likely to arise in the foreseeable future.

f) CASH FLOW STATEMENT

The company has taken advantage of the exemption permitted by FRS1 whereby a cash flow statement need not be prepared by a wholly owned subsidiary of a parent company which itself publishes a consolidated cash flow.

2. TURNOVER

The turnover and pre-tax profit are attributable to the principal activity of the company, and is wholly derived in the United Kingdom.

3. OPERATING PROFIT

	<u>1994</u>	<u>1993</u>
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	£ 56,999	£ 58,978
Auditors' remuneration	6,500	5,500
Directors' remuneration	-	-
Staff costs (Note 4)	320,377	300,561
	=====	=====

NOTES TO THE ACCOUNTS - 31 OCTOBER 1994

(CONTINUED)

4. STAFF COSTS

	<u>1994</u>	<u>1993</u>
Wages and salaries	£ 295,347	£ 274,210
Social security costs	25,030	26,351
	<hr/>	<hr/>
	£ 320,377	£ 300,561
	=====	=====

5. INTEREST PAYABLE AND SIMILAR CHARGES

Hire purchase charges	£ 2,145	£ 3,468
Other interest	739	1,191
	<hr/>	<hr/>
	£ 2,884	£ 4,659
	=====	=====

6. TAXATION

The tax charge on the profit on
ordinary activities comprises:

Corporation tax at 33%	£ 99,600	£ 92,500
Prior year (over)/under provision	(7,729)	167
Deferred taxation (note 13)	3,040	(1,080)
	<hr/>	<hr/>
	£ 94,911	£ 91,587
	=====	=====

7. DIVIDENDS

Proposed final dividend on ordinary shares	£ 200,000	£ 120,000
	=====	=====

NOTES TO THE ACCOUNTS - 31 OCTOBER 1994

(CONTINUED)

8. FIXED ASSETS

	<u>Freehold property and improvements</u>	<u>Motor vehicles</u>	<u>Fixtures fittings, & plant & equipment</u>	<u>Cups and trophies</u>	<u>Total</u>
	£	£	£	£	£
COST					
At 1 November 1993	1,474,476	24,099	465,873	50,000	2,014,448
Additions	131,460	-	58,196	-	189,656
At 31 October 1994	<u>£1,605,936</u>	<u>£ 24,099</u>	<u>£ 524,069</u>	<u>£ 50,000</u>	<u>£2,204,104</u>
	=====	=====	=====	=====	=====
DEPRECIATION					
At 1 November 1993	£ -	£ 18,392	£ 321,700	£ 20,208	£ 360,300
Charge	-	2,417	52,082	2,500	56,999
At 31 October 1994	<u>£ -</u>	<u>£ 20,809</u>	<u>£ 373,782</u>	<u>£ 22,708</u>	<u>£ 417,299</u>
	=====	=====	=====	=====	=====
NET BOOK VALUE					
At 31 October 1994	<u>£1,605,936</u>	<u>£ 3,290</u>	<u>£ 150,287</u>	<u>£ 27,292</u>	<u>£1,786,805</u>
	=====	=====	=====	=====	=====
At 31 October 1993	<u>£1,474,476</u>	<u>£ 5,707</u>	<u>£ 144,173</u>	<u>£ 29,792</u>	<u>£1,654,148</u>
	=====	=====	=====	=====	=====

9. STOCKS

	<u>1994</u>	<u>1993</u>
Food beverages and consumable stores	£ 18,533	£ 12,748
	=====	=====

10. DEBTORS

Amounts falling due within one year		
Trade debtors	£ 16,002	£ 40,420
Amounts owed by group companies	2,000	2,000
Other debtors	-	272
Prepayments and accrued income	9,110	9,000
	<u>£ 27,112</u>	<u>£ 51,692</u>
	=====	=====

NOTES TO THE ACCOUNTS - 31 OCTOBER 1994

(CONTINUED)

11. CREDITORS: Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
Finance leases	£ 10,758	£ 15,452
Trade creditors	22,637	21,564
Other creditors	20,427	15,295
Corporation tax	99,600	92,500
Other taxes and social security costs	46,064	35,713
Accruals and deferred income	260,436	178,030
Proposed dividend	200,000	120,000
	<hr/>	<hr/>
	£ 659,922	£ 478,554
	=====	=====

12. CREDITORS: Amounts falling due after more than one year

Amounts due to group companies	£1,103,992	£1,297,033
Debentures	47,500	52,000
Finance leases	13,717	2,919
	<hr/>	<hr/>
	£1,165,209	£1,351,952
	=====	=====

The debentures, which do not bear interest, are repayable upon the debenture holder ceasing to be a member of the golf club.

13. DEFERRED TAXATION

	<u>1994</u>		<u>1993</u>	
	<u>Amount provided</u>	<u>Potential liability</u>	<u>Amount provided</u>	<u>Potential liability</u>
Accelerated capital allowances	£ 2,589	£ 16,744	£ 810	£ 15,810
Other timing differences	4,201	4,201	2,940	2,940
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 6,790	£ 20,945	£ 3,750	£ 18,750
	=====	=====	=====	=====

14. CALLED-UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
Authorised, allotted, issued and fully paid		
30,100 ordinary shares of £ each	£ 30,100	£ 30,100
	=====	=====

NOTES TO THE ACCOUNTS - 31 OCTOBER 1994

(CONTINUED)

15. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS

	<u>1994</u>	<u>1993</u>
Profit for the financial year	£ 211,360	£ 164,870
Dividends	(200,000)	(120,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	11,360	44,870
Opening shareholders' funds	166,402	121,532
	<hr/>	<hr/>
Closing shareholders' funds	£ 177,762	£ 166,402
	=====	=====

16. CONTINGENT LIABILITIES

The company has guaranteed jointly with other group companies bank advances to the group amounting to £5,020,313 (£4,731,887: 1993).

The company's freehold property was charged as security for advances to other group companies covered by the above guarantee.

17. CAPITAL COMMITMENTS

At the balance sheet date the company had contracted for capital commitments of £ Nil.

18. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Dwellcourt Limited, a company incorporated in the United Kingdom.