

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

REPORT AND ACCOUNTS

31st OCTOBER 2003



FINLEY & PARTNERS
Chartered Accountants
Tubs Hill House
London Road
Sevenoaks, Kent

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

COMPANY INFORMATION

Directors	T A Hilliard, OBE (Chairman) J T Hilliard D W McClelland D W B Howsam
Company Secretary	J T Hilliard
Company Number	1913760
Registered Office	The Downs Farm 140 Reigate Road Ewell Surrey KT17 3BY
Auditors	Finley & Partners Chartered Accountants Tubs Hill House London Road Sevenoaks Kent TN13 1BL
Bankers	Nat West Commercial Banking London City Commercial Centre 7 th Floor 280 Bishopsgate London EC3M 4RB

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited accounts for the year ended 31st October 2003.

ACTIVITIES

The principal activities of the company are the maintenance and conduct of sports complexes and the related business of licensed victuallers and restaurateurs.

RESULTS AND REVIEW OF BUSINESS

The results for the year are set out on page 5.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

DIVIDENDS

An ordinary dividend amounting to £100,000 has been paid.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

T A Hilliard, OBE
J T Hilliard
D W McClelland
D W B Howsam

None of the directors held any shares of the company during the year. Their interests in the shares of the holding company are shown in that company's directors' report.

HOLDING COMPANY

The company's holding company is Dwellcourt Limited, a company incorporated in England and Wales.

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

REPORT OF THE DIRECTORS

(Continued)

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 its result for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates which are reasonable and prudent,
- 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.

CHARITABLE DONATIONS

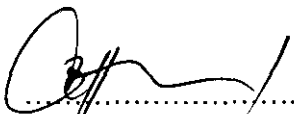
During the year, the company contributed £250 to charitable organisations.

AUDITORS

Hacker Young resigned from office during the year and Finley & Partners were appointed in their stead.

The auditors, Finley & Partners, are deemed to be re-appointed in accordance with Section 386, Companies Act 1985.

By order of the Board


.....
J T Hilliard
Secretary

29 March 2004

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KINGSWOOD GOLF & COUNTRY CLUB LIMITED**

We have audited the financial statements of Kingswood Golf & Country Club Limited for the year ended 31st October 2003 which comprise the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KINGSWOOD GOLF & COUNTRY CLUB LIMITED**

(Continued)

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31st October 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Finley & Partners

FINLEY & PARTNERS
Registered Auditor
Chartered Accountants
Sevenoaks, Kent.

29th March 2004

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st OCTOBER 2003

	Notes	2003		2002	
		£	£	£	£
TURNOVER	2		1,554,283		1,582,874
Cost of sales			849,628		811,833
			<hr/>		<hr/>
GROSS PROFIT			704,655		771,041
Administrative expenses			495,317		495,223
			<hr/>		<hr/>
OPERATING PROFIT	3		209,338		275,818
Interest receivable	4	5		88	
Interest payable and similar charges	5	(3,765)		(7,161)	
		<hr/>		<hr/>	
			(3,760)		(7,073)
			<hr/>		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			205,578		268,745
Tax on profit on ordinary activities	6		(62,770)		(102,000)
			<hr/>		<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			142,808		166,745
Dividends	7		(100,000)		(100,000)
			<hr/>		<hr/>
RETAINED PROFIT FOR THE YEAR	15		£ 42,808		£ 66,745
			<hr/>		<hr/>

All of the company's operations are classed as continuing.

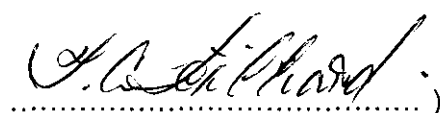
The company has no recognised gains or losses other than the result for the year.

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

BALANCE SHEET

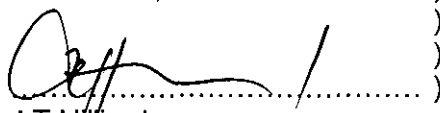
AT 31st OCTOBER 2003

	Notes	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	8		4,941,388		5,029,810
CURRENT ASSETS					
Stock	9	36,471		33,342	
Debtors	10	56,908		98,043	
Cash at bank and in hand		55,806		82,307	
			149,185	213,692	
CREDITORS: amounts falling due within one year	11	691,426		653,133	
NET CURRENT LIABILITIES			(542,241)	(439,441)	
TOTAL ASSETS LESS CURRENT LIABILITIES			4,399,147	4,590,369	
CREDITORS: amounts falling due after more than one year	12	(1,018,258)		(1,242,288)	
PROVISIONS FOR LIABILITIES AND CHARGES	13	(49,000)		(59,000)	
			(1,067,258)	(1,301,288)	
			£ 3,331,889	£ 3,289,081	
CAPITAL AND RESERVES					
Called up share capital	14		30,100	30,100	
Revaluation reserve	15		2,919,949	2,930,995	
Profit and loss account	15		381,840	327,986	
Shareholders' funds - equity interests	16		£ 3,331,889	£ 3,289,081	



T A Hilliard, OBE

) Directors



J T Hilliard

Approved by the Board: 29 March 2004

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of the company's freehold property, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of a group whose consolidated financial statements are publicly available.

Going concern

Although at the year end the company's current liabilities exceeded its current assets by £542,241 (2002: £439,441), the financial statements have been prepared on a going concern basis for the following reasons:

The company has assurances from its holding company that it will continue to support the company for the foreseeable future by ensuring that the company has adequate cash resources available to finance its trading and to enable it to meet its obligations. The holding company has also agreed not to demand the repayment of the amount currently due by the company.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets, other than freehold property, are stated at cost or valuation less depreciation. Depreciation is provided on the straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	-	2% per annum
Plant and machinery	-	15% per annum
Fixtures and fittings and equipment	-	15% per annum
Motor vehicles	-	25% per annum
Cups and trophies	-	5% per annum

The building element of the freehold property is depreciated over its estimated useful life of 50 years. An amount equal to the excess of the annual depreciation charge over the historical cost depreciation charge is transferred annually from the revaluation reserve to the profit and loss account

The freehold property and improvements are stated at the directors' valuation, based on advice received from independent professional valuers in 1998. Surpluses arising from the directors' valuation are taken directly to the revaluation reserve. On implementation of Financial Reporting Standard 15 the company adopted a policy of not revaluing its tangible fixed assets and has decided to carry these assets at their book amounts which reflect the previous directors' revaluations.

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

Leases and hire purchase commitments

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Stock

Stock is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided in full under the liability method.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. OPERATING PROFIT

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	125,802	113,344
Hire of equipment	6,827	6,054
Auditors' remuneration	6,000	7,000
Employment costs (note 18)	527,317	492,407
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE

	2003	2002
Corporation Tax repayment supplement	£ 5	£ 88
	<u> </u>	<u> </u>

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

5. INTEREST PAYABLE

	2003	2002
	£	£
Bank overdraft interest	-	196
Hire purchase and finance lease charges	3,534	6,965
Other interest	231	-
	<hr/>	<hr/>
	£ 3,765	£ 7,161
	<hr/>	<hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
U.K. corporation tax of 30% (2002 – 30%)	81,500	69,000
Adjustment for prior years	(9,090)	-
Payment in respect of group relief	360	10,000
	<hr/>	<hr/>
Current tax charge	72,770	79,000
Deferred tax		
Transfer (from)/to deferred taxation	(10,000)	23,000
	<hr/>	<hr/>
	£ 62,770	£ 102,000
	<hr/>	<hr/>

Reconciliation of Current tax charge for the year.

	2003	2002
	£	£
Profit on ordinary activities before taxation	205,578	268,745
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax at 30%	61,673	80,624
Effects of:		
Non-deductible expenses	1,910	412
Depreciation	37,741	23,053
Capital allowances	(19,464)	(24,404)
Adjustments to prior periods	(9,090)	-
Other tax adjustments	-	(685)
	<hr/>	<hr/>
	11,097	(1,624)
	<hr/>	<hr/>
Current tax charge	£ 72,770	£ 79,000
	<hr/>	<hr/>

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

7. DIVIDENDS

	2003	2002
Ordinary final paid	£ 100,000	£ 100,000
	<u> </u>	<u> </u>

8. TANGIBLE FIXED ASSETS

	Freehold property	Fixtures, fittings, plant and machinery	Cups and Trophies	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation:					
At 1 st November 2002	4,828,204	572,089	50,000	7,250	5,457,543
Additions	-	37,380	-	-	37,380
Disposals	(-)	(23,179)	(-)	(-)	(23,179)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st October 2003	4,828,204	586,290	50,000	7,250	5,471,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:					
At 1 st November 2002	76,000	305,390	42,708	3,635	427,733
Charge for the year	32,000	89,490	2,500	1,812	125,802
On disposals	(-)	(23,179)	(-)	(-)	(23,179)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st October 2003	108,000	371,701	45,208	5,447	530,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value:					
At 31 st October 2003	£ 4,720,204	£ 214,589	£ 4,792	£ 1,803	£ 4,941,388
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st October 2002	£ 4,752,204	£ 266,699	£ 7,292	£ 3,615	£ 5,029,810
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of fixtures, fittings, plant and machinery includes an amount of £68,427 (2002: £153,494) in respect of assets held under hire purchase and finance lease contracts. The depreciation charge for the year in respect of those assets was £18,196 (2002: £47,944).

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

8. TANGIBLE FIXED ASSETS (continued)

The comparable historical cost of freehold property included at valuation is:

	£
Cost:	
At 1 st November 2002 and 31 st October 2003	1,885,605
	<hr/>
Depreciation based on cost:	
At 1 st November 2002	63,963
Charge for the year	21,387
	<hr/>
At 31 st October 2003	85,350
	<hr/>
Net book value:	
At 31 st October 2003	£ 1,800,255
	<hr/>
At 31 st October 2002	£ 1,821,642
	<hr/>

The company's freehold property is shown at the directors valuation of £4,750,000 after taking advice from independent professional valuers in 1998 plus subsequent additions at cost. Included in freehold property is land valued at £3,456,622 which is not depreciated.

9. STOCK

	2003	2002
Goods for resale and consumables	£ 36,471	£ 33,342
	<hr/>	<hr/>

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

10. DEBTORS

	2003 £	2002 £
Trade debtors	39,523	42,467
Amounts owed by group undertakings	-	40,161
Amounts owed by related companies	2,535	100
Prepayments and accrued income	14,850	15,315
	<hr/>	<hr/>
	£ 56,908	£ 98,043
	<hr/>	<hr/>

Amounts owed by related companies consists of £2,535 (2002: £nil) due from Hazelwood Golf Centre Limited, a company under the common control of the directors.

11. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Hire purchase and finance lease liabilities	23,314	46,046
	<hr/>	<hr/>
Debt due within one year	23,314	46,046
Trade creditors	51,340	45,845
Amounts owed to group undertakings	96,043	65,503
Amounts owed to related companies	2,910	18,091
Corporation tax	81,500	69,000
Other taxes and social security costs	50,728	59,288
Accruals and deferred income	346,050	333,132
Other creditors	39,541	16,228
	<hr/>	<hr/>
	£ 691,426	£ 653,133
	<hr/>	<hr/>

Amounts owed to related companies consist of £2,910 (2002: £3,091) due to Hilliard Brothers (Ewell) Limited, a company under the common control of the directors.

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

12. **CREDITORS:** amounts falling due after more than one year

	2003 £	2002 £
Debenture loans	26,500	28,500
Due to parent company	989,641	1,188,357
Hire purchase and finance lease liabilities	2,117	25,431
	<hr/>	<hr/>
	£ 1,018,258	£ 1,242,288
	<hr/>	<hr/>

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

Hire purchase and finance lease liabilities are repayable as follows:

	2003 £	2002 £
Repayable within one year	24,286	49,549
Repayable between one and five years	2,150	26,437
	<hr/>	<hr/>
	26,436	75,986
Finance charges and interest allocated to future accounting periods	(1,005)	(4,509)
	<hr/>	<hr/>
	25,431	71,477
Included in liabilities falling due within one year	(23,314)	(46,046)
	<hr/>	<hr/>
	£ 2,117	£ 25,431
	<hr/>	<hr/>

13. **PROVISION FOR LIABILITIES AND CHARGES**

	2003 £	2002 £
Deferred Taxation		
Balance at 1 st November 2002	59,000	36,000
Transferred (to)/from profit and loss account	(10,000)	23,000
	<hr/>	<hr/>
Balance at 31 st October 2003	£ 49,000	£ 59,000
	<hr/>	<hr/>

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

14. CALLED UP SHARE CAPITAL

	2003	2002
Authorised		
30,100 Ordinary shares of £1 each	£ 30,100	£ 30,100
	<hr/>	<hr/>
Allotted, issued and fully paid		
30,100 Ordinary shares of £1 each	£ 30,100	£ 30,100
	<hr/>	<hr/>

15. STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation Reserve	Profit and Loss Account
	£	£
Balance at 1 st November 2002	2,930,995	327,986
Retained profit for the year	-	42,808
Transfer from revaluation reserve to profit and loss account	(11,046)	11,046
	<hr/>	<hr/>
Balance at 31 st October 2003	£ 2,919,949	£ 381,840
	<hr/>	<hr/>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	142,808	166,745
Dividends	(100,000)	(100,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	42,808	66,745
Opening shareholders' funds	3,289,081	3,222,336
	<hr/>	<hr/>
Closing shareholders' funds	£ 3,331,889	£ 3,289,081
	<hr/>	<hr/>

KINGSWOOD GOLF & COUNTRY CLUB LIMITED

NOTES TO THE ACCOUNTS

(Continued)

17. CONTINGENT LIABILITIES

The company has guaranteed jointly with other group companies bank advances to the group amounting to £4,200,000 (2002: £4,265,000) and group overdraft facilities. The company's freehold property is charged as security for the bank advances covered by the above guarantee. No liabilities are expected to arise from those guarantees.

18. EMPLOYEES

Number of employees

The average monthly number of employees during the year was:

	2003 Number	2002 Number
Golf	19	16
Catering	21	21
	<hr/>	<hr/>
	40	37
	<hr/>	<hr/>
Employment costs	£	£
Wages and salaries	490,416	458,883
Social security costs	36,901	33,524
	<hr/>	<hr/>
	£ 527,317	£ 492,407
	<hr/>	<hr/>

19. CONTROL

The company is controlled by its parent company, Dwellcourt Limited, a company registered in England and Wales. The company's ultimate controlling party is the director, T A Hilliard, OBE, who owned 58.48% of the issued share capital of Dwellcourt Limited on 31st October 2003.

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No. 8 from the requirement to make disclosures concerning transactions with group undertakings on the grounds that the company has been included in the group financial statements of its parent company. Copies of the group financial statements are available to the public from the parent company's registered office at The Downs Farm, 140 Reigate Road, Ewell, Surrey KT17 3BY.