

SURREY NATIONAL GOLF CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2003

Company No 2845617 (England and Wales)



SURREY NATIONAL GOLF CLUB LIMITED

COMPANY INFORMATION

Directors	Mr R G Noades Mrs N L Noades Mr S Hodsdon Mr P J Skinner
Secretary	Mr P J Skinner
Company Number	2845617
Registered Office	Streete Court Rooks Nest Park Godstone Surrey RH9 8BZ
Auditors	Meyer Williams Chartered Accountants 19/21 Bull Plain Hertford Herts SG14 1DX

SURREY NATIONAL GOLF CLUB LIMITED

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SURREY NATIONAL GOLF CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2003

The directors present their report together with the financial statements for the year ended 31st May 2003.

Principal Activities and Review of Business

The company's principal activity continued to be that of the ownership and management of a golf course.

Change of Company name

On 6th September 2002 the Company passed a special resolution changing its name from Happy Valley Golf Club Limited to Surrey National Golf Club Limited.

Results and Dividends

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

The directors are satisfied with the continued improvement in the results for the year. They are confident of further improvement following the opening of the new clubhouse facility in March 2003.

The directors do not recommend payment of a dividend.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	31 st May 2003	1 st June 2002
"A" Ordinary Shares of £1		
Mr R G Noades	-	-
Mrs N L Noades	-	-
Mr S Hodson	-	-
Mr P J Skinner	-	-
"B" Ordinary Shares of £1		
Mr R G Noades	-	-
Mrs N L Noades	-	-
Mr S Hodson	-	-
Mr P J Skinner	-	-

Mr Noades has an interest in 100% of the issued share capital of Altonwood Holdings Limited the company's ultimate holding company.

Events Since the End of the Year

There were no post balance sheet events.

Political and Charitable Contributions

The company made no political or charitable contributions during the year.

SURREY NATIONAL GOLF CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2003

Fixed Assets

In the opinion of the directors there is no significant difference between the net book value and open market value of the company's freehold property.

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 the company's affairs and of the profit or loss for that year. In preparing these 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 accounts;

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 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

The auditors, Meyer Williams Chartered Accountants, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

This report was approved by the board on 23/2/04, and signed on its behalf.



Mr P J Skinner, Secretary

Date: 23/2/04

SURREY NATIONAL GOLF CLUB LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE
SHAREHOLDERS OF HAPPY VALLEY GOLF CLUB LIMITED**

We have audited the financial statements of Surrey National Golf Club Limited for the year ended 31 May 2003 on pages 4 to 14. These financial statements have been prepared under the historical cost convention 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 auditors' 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 on page two 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.*

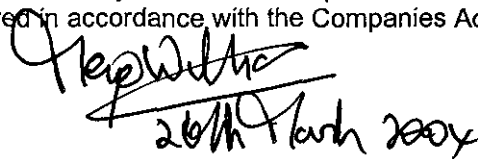
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Meyer Williams
19/21 Bull Plain
Hertford, Herts
SG14 1DX

REGISTERED AUDITORS



26th March 2004

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SURREY NATIONAL GOLF CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2003

	Notes	2003 £	2002 £
Turnover	2	821,511	763,760
Cost of Sales		548,495	508,337
Gross Profit		<u>273,016</u>	<u>255,423</u>
Administrative Expenses		257,430	221,365
Operating Profit	3	15,586	34,058
Exceptional item	5	<u>65,000</u>	<u>2,400,000</u>
		80,586	<u>2,434,058</u>
Interest Receivable		351	805
Interest Payable and Similar Charges	4	(78,751)	(49,931)
Profit on Ordinary Activities before Taxation		<u>2,186</u>	<u>2,384,932</u>
Tax on Profit on ordinary activities	6	-	-
Profit for the Financial Year		<u>2,186</u>	<u>2,384,932</u>
Retained Profit/(Loss) Brought Forward		692	(2,384,240)
Retained Profit Carried Forward		<u>2,878</u>	<u>692</u>

All amounts relate to continuing activities.

There are no recognised gains or losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements

SURREY NATIONAL GOLF CLUB LIMITED

BALANCE SHEET

AS AT 31ST MAY 2003

	Notes	2003		2002	
		£	£	£	£
Fixed Assets					
Tangible assets	8		5,821,851		3,649,402
Current Assets					
Stocks	9	27,893		9,230	
Debtors	10	47,025		46,091	
Cash at bank and in hand		139,926		112,841	
		<u>214,844</u>		<u>168,162</u>	
Creditors: Amounts Falling Due Within One Year	11	3,840,165		3,314,808	
Net Current Liabilities			<u>(3,625,321)</u>		<u>(3,146,646)</u>
Total Assets Less Current Liabilities			<u>2,196,530</u>		<u>502,756</u>
Creditors: Amounts Falling Due After More Than One Year	12		2,192,652		501,064
			<u>3,878</u>		<u>1,692</u>
Capital and Reserves					
Share capital	14	1,000		1,000	
Profit and loss account		2,878		692	
Shareholders' Funds	15		<u>3,878</u>		<u>1,692</u>

These financial statements were approved by the board on 22/5/04 and signed on its behalf.

Mr R G Noades
Director

The notes on pages 7 to 14 form part of these financial statements

SURREY NATIONAL GOLF CLUB LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MAY 2003

	Notes	2003 £	2002 £
CASH FLOW STATEMENT			
Net Cash Inflow from Operating Activities	21	693,237	1,610,342
Returns on Investments and Servicing of Finance	22	(78,400)	(49,126)
Capital Expenditure and Financial Investment	22	(2,279,340)	(486,625)
Cash (Outflow)/Inflow Before Use of Liquid Resources and Financing		(1,664,503)	1,074,591
Financing	22	1,691,588	(1,095,168)
Increase/(Decrease) in Cash		<u>27,085</u>	<u>(20,577)</u>
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase/(Decrease) in Cash in the year		27,085	(20,577)
Cash (outflow)/inflow from decrease in net debt and lease financing	23	(1,691,588)	1,095,168
(Increase)/Decrease in Net Debt	23	(1,664,503)	1,074,591
Net Debt at 1st June 2002		(420,723)	(1,495,314)
Net Debt at 31st May 2003	23	<u>(2,085,226)</u>	<u>(420,723)</u>

The notes on pages 7 to 14 form part of these financial statements

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

1 Accounting policies

Basis of Accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting and Financial Reporting Standards.

The directors consider that the going concern basis is appropriate on the grounds that the directors of Altonwood Limited (the company's parent undertaking) have confirmed that they will continue to make available adequate facilities to support the company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold property, over their expected useful lives. The rates and periods generally applicable are:

Freehold property	see below
Plant and machinery	20% on cost
Motor vehicles	25% on cost
Furniture and equipment	20% on cost

Although a provision for impairment was made in a previous financial year, depreciation is not provided in respect of freehold property. This policy represents a departure from the rules set out in the Companies Act 1985 which require all fixed assets to be depreciated over their expected useful lives. The company's property is maintained to such a standard that its residual value is not less than its cost and the directors consider that systematic annual depreciation would be inappropriate.

The directors consider that the policy adopted is necessary in order that the Financial Statements give a true and fair view. The amount of depreciation which might otherwise have been provided cannot be separately identified or quantified.

Stocks

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

Deferred Taxation

In accordance with Financial Reporting Standard 19 provision is made at current rates for taxation deferred in respect of all material timing differences except those relating to revalued fixed assets.

Cash and liquid resources

For the purposes of the cashflow statement cash and liquid resources is defined as cash at bank and in hand.

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

1 Accounting policies - continued

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the scheme.

Leased Assets

All payments made under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Related Party Transactions

As disclosed in the related parties note, the parent company is Altonwood Limited and the ultimate parent company is Altonwood Holdings Limited. The results of the company are included in the consolidated financial statements of Altonwood Holdings Limited, which are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

The company has taken advantage of the exemptions conferred by Financial Reporting Statement 8, "Related Party Disclosures". Transactions and balances with other group companies that are eliminated in the consolidated financial statements of Altonwood Holdings Limited are not disclosed for companies where the ultimate parent company controls 90% or more of the voting rights.

2 Turnover

Turnover is attributable to the principal activity of the company.

The geographical analysis of turnover is as follows:

	2003	2002
	£	£
UK	821,511	763,760

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	2003	2002
	£	£
Depreciation on owned assets	114,492	104,450
Hire of equipment – operating leases	360	1,170
Auditors' remuneration – non audit work	153	870
Auditors' remuneration	6,000	5,500

4 Interest Payable and Similar Charges

	2003	2002
	£	£
Bank overdrafts and loans	78,751	49,931

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

5	Exceptional item	2003	2002
		£	£
	Amount written off group borrowings	65,000	2,400,000

6 Taxation

The company has trading losses amounting to £179,958 available to be carried forward.

During the year the company transferred trading losses under group election amounting to £111,235 (2002 £nil). No payment was received for the amounts transferred.

7 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	2003	2002
	£	£
Wages and salaries	264,624	242,125
Social security costs	18,266	17,888
Other pension costs	2,425	3,310
	285,315	263,323

The average monthly number of employees, including directors, during the year was as follows:

	2003	2002
	Number	Number
Administration	34	33

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

8 Tangible Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture And Equipment	Total
Cost	£	£	£	£	£
At 1 st June 2002	4,660,138	391,401	57,358	62,083	5,170,980
Additions	1,980,667	81,754	-	250,319	2,312,740
Disposals	-	(149,070)	-	-	(149,070)
At 31st May 2003	6,640,805	324,085	57,358	312,402	7,334,650
Depreciation					
At 1 st June 2002	1,177,423	263,367	43,722	37,066	1,521,578
Charge for year	-	76,963	12,257	25,272	114,492
Disposals	-	(123,271)	-	-	(123,271)
At 31st May 2003	1,177,423	217,059	55,979	62,338	1,512,799
Net Book Value					
At 31st May 2003	5,463,382	107,026	1,379	250,064	5,821,851
At 31 st May 2002	3,482,715	128,034	13,636	25,017	3,649,402

9 Stocks	2003	2002
	£	£
Goods for resale	27,893	9,230
	<hr/>	<hr/>
10 Debtors	2003	2002
	£	£
Trade debtors	2,741	500
Other debtors	9,288	12,279
Prepayments and accrued income	34,996	33,312
	47,025	46,091
	<hr/>	<hr/>

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

11	Creditors: Amounts Falling Due Within One Year	2003	2002
		£	£
	Other loans due within one year (Note 13)	32,500	32,500
	Trade creditors	169,809	197,295
	Amounts owed to group undertakings	3,350,664	2,882,328
	Other taxes and social security	15,011	6,296
	Other creditors	170	276
	Accruals and deferred income	272,011	196,113
		3,840,165	3,314,808

The bank loans and overdrafts are secured by a Mortgage Debenture dated 25th March 1997 giving a specific charge over all properties owned or leased by the company together with a specific charge over debtors and a fixed and floating charge over all other assets.

Other loans are due to Findtree Limited and are secured by a debenture dated 27th March 1997 giving a specific charge over all properties owned or leased by the company together with a specific charge over debtors and a fixed and floating charge over all other assets.

Included within Amounts owed to group undertakings is a balance of £3,159,890 (2002 £2,870,890) which is secured by a legal charge dated 20 November 2000 over the company's assets.

12	Creditors: Amounts Falling Due After More Than One Year	2003	2002
		£	£
	Other loans (Note 13)	162,500	195,000
	Bank loans (Note 13)	2,030,152	306,064
		2,192,652	501,064

See Note 11 for security details.

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

13	Loans	2003	2002
		£	£
	Amounts included in creditors and payable in more than five years by installments:		
	Bank loans	945,079	65,000
	Amounts repayable:		
	In one year or less, or on demand	32,500	32,500
	Between one and two years	279,860	338,564
	Between two and five years	967,713	97,500
		1,280,073	468,564
	In five years or more	945,079	65,000
		2,225,152	533,564
	The bank loan is repayable over ten years and interest is charged at 2% over the bank base rate.		
14	Share Capital	2003	2002
		£	£
	Authorised Equity Shares		
	760 "A" Ordinary shares of £1.00 each	760	760
	240 "B" Ordinary shares of £1.00 each	240	240
		1,000	1,000
	Allotted Equity Shares		
	760 Allotted called up and fully paid "A" ordinary shares of £1.00 each	760	760
	240 Allotted, called up and fully paid "B" ordinary shares of £1.00 each	240	240
		1,000	1,000
15	Reconciliation of Shareholders' Funds	2003	2002
		£	£
	Profit for the financial year	2,186	2,384,932
	Increase in shareholders' funds	2,186	2,384,932
	Opening shareholders' funds	1,692	(2,383,240)
	Closing shareholders' funds	3,878	1,692

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

16 Capital Commitments

The company had capital commitments at 31 May 2003 of £Nil (2002 £2,121,455) relating to the construction of a new clubhouse. Of these capital commitments £Nil (2002 £1,818,000) had been contracted for.

17 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of certain staff. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £2,425 (2002 £3,310).

18 Related Parties

In the directors' opinion the company's parent company and controlling party is Altonwood Limited, a company incorporated in England. The company's ultimate parent company is Altonwood Holdings Limited, a company incorporated in England

The company's ultimate controlling party during the current and previous years has been Mr R G Noades.

19 Transactions with Directors

Mr P J Skinner has an interest in the supply of accountancy services to the company which amounted to £10,118 (2002 £7,201).

All transactions are undertaken on normal commercial terms.

20 Contingent Liabilities

The company has given guarantees to its bankers in respect of other group companies which amounted to £218,844 at 31st May 2002 (2002 £1,391,526).

21 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2003	2002
	£	£
Operating profit	15,586	34,058
Depreciation charges	114,492	104,450
Profit on sale of fixed assets	(7,601)	-
(Increase)/decrease in stocks	(18,663)	2,853
Increase in debtors	(934)	(9,631)
Increase/(decrease) in other creditors	525,357	(921,388)
Exceptional item	65,000	2,400,000
	<u>693,237</u>	<u>1,610,342</u>

SURREY NATIONAL GOLF CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2003

22	Gross Cash Flows		2003	2002
			£	£
	Returns on Investments and Servicing Finance			
	Interest received		351	805
	Interest paid		(78,751)	(49,931)
	Net cash outflow for returns on investments and servicing of finance		(78,400)	(49,126)
	Capital Expenditure and Financial Investment			
	Payments to acquire tangible fixed assets		(2,312,740)	(486,625)
	Proceeds from the sale of fixed assets		33,400	-
	Net cash outflow from investing activities		(2,279,340)	(486,625)
	Financing			
	Bank loan repayments		(88,816)	(1,062,668)
	Other loan repayments		(32,500)	(32,500)
	Bank loans received		1,812,904	-
	Net cash inflow/(outflow) from financing		1,691,588	(1,095,168)
23	Analysis of Changes in Net Debt			
	Cash	2002	Cash flows	2003
		£	£	£
	Cash at bank and in hand	112,841	27,085	139,926
	Debt			
	Bank loans due within 1 year	(88,816)	88,816	-
	Other loans due within 1 year	(32,500)	-	(32,500)
	Bank loans due after 1 year	(217,248)	(1,812,904)	(2,030,152)
	Other loans due after 1 year	(195,000)	32,500	(162,500)
		(533,564)	(1,691,588)	(2,225,152)
		(420,723)	(1,664,503)	(2,085,226)