

STREETE COURT LEISURE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

Company No 3454845 (England and Wales)



STREETE COURT LEISURE LIMITED

COMPANY INFORMATION

| | |
|-------------------|----------------------------------------------------------------------------------------------|
| Directors | Mr R G Noades Mrs N L Noades Mr D W Waddington |
| Secretary | Mr P J Skinner |
| Company Number | 3454845 |
| Registered Office | Streete Court Rooks Nest Park Godstone Surrey RH9 8BZ |
| Auditors | Meyer Williams Chartered Accountants 19/21 Bull Plain Hertford Herts SG14 1DX |

STREETE COURT LEISURE LIMITED

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STREETE COURT LEISURE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MAY 2004

The directors present their report together with the financial statements for the year ended 31st May 2004.

Principal Activities and Review of Business

The company's principal activity continued to be that of the ownership of a freehold property with a view to the development of a leisure club.

Results and Dividends

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

Dividends

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:

| | Ordinary Shares | |
|-------------------|-----------------------------------------|-----------------------------------------|
| | 31st May 2004 | 1st June 2003 |
| Mr R G Noades | - | - |
| Mrs N L Noades | - | - |
| Mr D W Waddington | - | - |

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

Political and Charitable Contributions

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

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.

STREETE COURT LEISURE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MAY 2004

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 the 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 9th March 2005, and signed on its behalf.



Mr P J Skinner, Secretary

Date: 9th March 2005

STREETE COURT LEISURE LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE
SHAREHOLDERS OF STREETE COURT LEISURE LIMITED

We have audited the financial statements of Streete Court Leisure Limited for the year ended 31 May 2004 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

Meyer Williams
29th March 2005

STREETE COURT LEISURE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2004

| | Notes | 2004 £ | 2003 £ |
|------------------------------------------------------|--------------|-----------------------------|------------------------|
| Turnover | 2 | 34,647 | 54,063 |
| Gross Profit | | <u>34,647</u> | <u>54,063</u> |
| Administrative Expenses | | 82,704 | 92,816 |
| Operating (Loss) | 3 | (48,057) | (38,753) |
| Interest Payable and Similar Charges | 4 | (8,641) | (33,147) |
| (Loss) on Ordinary Activities before Taxation | | <u>(56,698)</u> | <u>(71,900)</u> |
| Tax on (Loss) on ordinary activities | 5 | 121,266 | 21,143 |
| (Loss) for the Financial Year | | <u>(177,964)</u> | <u>(93,043)</u> |
| Retained (Loss)/Profit Brought Forward | | (78,369) | 14,674 |
| Transfer from revaluation reserve | 13 | 304,264 | - |
| Retained Profit/(Loss) Carried Forward | | <u><u>47,931</u></u> | <u><u>(78,369)</u></u> |

All amounts relate to continuing activities.

The notes on pages 8 to 14 form part of these financial statements.

STREETE COURT LEISURE LIMITED

**STATEMENT OF TOTAL
RECOGNISED GAINS AND LOSSES**

FOR THE YEAR ENDED 31ST MAY 2004

| | 2004 £ | 2003 £ |
|-------------------------------------------------------------------|-------------------------|-----------------------|
| (Loss) for the financial year | (177,964) | (93,043) |
| Revaluation in the year | <u>-</u> | <u>304,264</u> |
| Total recognised gains and losses relating to the year | <u>(177,964)</u> | <u>211,221</u> |

**Note of Historical Cost Profits and Losses
For the year ended 31 May 2004**

| | | |
|-----------------------------------------------------------------------------|-----------------------|------------------------|
| Reported loss on ordinary activities before taxation | (56,698) | (71,900) |
| Realisation of property gains of previous year | 304,264 | - |
| Historical cost profit/(loss) on ordinary activities before taxation | <u>247,566</u> | <u>(71,900)</u> |
| Historical cost profit/(loss) for the year retained after taxation | <u>126,300</u> | <u>(93,043)</u> |

The notes on pages 8 to 14 form part of these financial statements.

STREETE COURT LEISURE LIMITED

BALANCE SHEET

AS AT 31ST MAY 2004

| | Notes | 2004 £ | £ | 2003 £ | £ |
|----------------------------------------------------------------|-------|----------------|------------------|---------------|------------------|
| Fixed Assets | | | | | |
| Tangible assets | 6 | | 2,602,547 | | 2,028,965 |
| Investments | 7 | | - | | 450,000 |
| | | | <u>2,602,547</u> | | <u>2,478,965</u> |
| Current Assets | | | | | |
| Debtors | 8 | 182,248 | | 44,074 | |
| Cash at bank and in hand | | 1,302 | | 2,844 | |
| | | <u>183,550</u> | | <u>46,918</u> | |
| Creditors: Amounts Falling Due Within One Year | 9 | 2,738,165 | | 2,218,100 | |
| | | | | | |
| Net Current Liabilities | | | (2,554,615) | | (2,171,182) |
| Total Assets Less Current Liabilities | | | <u>47,932</u> | | <u>307,783</u> |
| Creditors: Amounts Falling Due After More Than One Year | 10 | | - | | 81,887 |
| | | | <u>47,932</u> | | <u>225,896</u> |
| Capital and Reserves | | | | | |
| Share capital | 12 | | 1 | | 1 |
| Revaluation reserve | 13 | | - | | 304,264 |
| Profit and loss account | 13 | | 47,931 | | (78,369) |
| Shareholders' Funds | 14 | | <u>47,932</u> | | <u>225,896</u> |

These financial statements were approved by the board on 9th March 2005 and signed on its behalf.

Mr R G Noades
Director

The notes on pages 8 to 14 form part of these financial statements.

STREETE COURT LEISURE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MAY 2004

| | Notes | 2004 £ | 2003 £ |
|-----------------------------------------------------------------|--------------|------------------------|-------------------|
| CASH FLOW STATEMENT | | | |
| Net Cash Inflow from Operating Activities | 18 | 292,253 | 533,183 |
| Returns on Investments and Servicing of Finance | 19 | (8,641) | (33,147) |
| Taxation | | (21,143) | - |
| Capital Expenditure and Financial Investment | 19 | (125,720) | - |
| Cash Inflow Before Use of Liquid Resources and Financing | | <u>136,749</u> | <u>500,036</u> |
| Financing | 19 | (138,291) | (498,052) |
| (Decrease)/Increase in Cash | | <u>(1,542)</u> | <u>1,984</u> |
| Reconciliation of Net Cash Flow to Movement in Net Debt | | | |
| (Decrease) / Increase in Cash in the year | | (1,542) | 1,984 |
| Cash outflow from decrease in net debt | 20 | 138,291 | 498,052 |
| Decrease in Net Debt | 20 | <u>136,749</u> | <u>500,036</u> |
| Net Debt at 1st June 2003 | | (216,000) | (716,036) |
| Net Debt at 31st May 2004 | 20 | <u>(79,251)</u> | <u>(216,000)</u> |

The notes on pages 8 to 14 form part of these financial statements.

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

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 company) 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 land by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

| | |
|---------------------|-------------|
| Freehold properties | see below |
| Plant and equipment | 20% on cost |

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 properties are maintained to such a standard that their residual value is not less than their 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.

Related party transactions

As disclosed in the related parties note, the parent company is Altonwood Limited and 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 which 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.

Cash and liquid resources

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

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

1 Accounting policies – continued

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.

Investment Properties

In accordance with Statement of Standard Accounting Practice No. 19, properties held for long term investment are included in the Balance Sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the investment property revaluation reserve.

Depreciation is not provided in respect of investment properties. 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 held for investment rather than consumption 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. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2 Turnover

Turnover is attributable to the principal activity of the company.

The geographical analysis of turnover is as follows:

| | 2004 £ | 2003 £ |
|------------------------------------------------------|---------------------------|---------------------|
| UK | 34,647 | 54,063 |
| 3 Operating (Loss) | | |
| The operating (loss) is after charging or crediting: | 2004 £ | 2003 £ |
| Depreciation on owned assets | 2,138 | 2,140 |
| Auditors' remuneration – non audit work | 445 | 130 |
| Auditors' remuneration | 3,000 | 2,605 |
| 4 Interest Payable and Similar Charges | | |
| Bank overdrafts and loans | 2004 £ 8,641 | 2003 £ 33,147 |

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

5 Taxation

Analysis of the tax charge

The tax charge on the loss on ordinary activities was as follows:

| | 2004 | 2003 |
|--------------------|-----------------------|----------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | <u>121,266</u> | <u>21,143</u> |
| Total current tax: | <u>121,266</u> | <u>21,143</u> |

Factors affecting the tax charge

The current tax charge for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2004 | 2003 |
|----------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | £ | £ |
| (Loss) on ordinary activities before tax | <u>(56,698)</u> | <u>(71,900)</u> |
| (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 – 30%) | (17,009) | (21,570) |
| Effects of: | | |
| Chargeable gain | 136,780 | 82,057 |
| Depreciation for year in excess of capital allowances | 348 | 251 |
| Marginal relief | - | (1,374) |
| Expenses not allowed for tax purposes | 1,147 | - |
| Utilisation of losses | - | (4,599) |
| Group relief | - | (33,622) |
| Current tax charge | <u>121,266</u> | <u>21,143</u> |

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

6 Tangible Fixed Assets

| | Freehold Land and Buildings | Plant And Equipment | Total |
|------------------------------------|--------------------------------------------|------------------------------------|------------------|
| Cost | £ | £ | £ |
| At 1 st June 2003 | 2,023,656 | 10,699 | 2,034,355 |
| Additions | 575,720 | - | 575,720 |
| At 31st May 2004 | 2,599,376 | 10,699 | 2,610,075 |
| Depreciation | | | |
| At 1 st June 2003 | - | 5,390 | 5,390 |
| Charge for year | - | 2,138 | 2,138 |
| At 31st May 2004 | - | 7,528 | 7,528 |
| Net Book Value | | | |
| At 31st May 2004 | 2,599,376 | 3,171 | 2,602,547 |
| At 31 st May 2003 | 2,023,656 | 5,309 | 2,028,965 |

7 Fixed Asset Investments

| | |
|------------------------------------|-------------------------------------------------------------|
| | Long Leasehold Investment Property £ |
| Cost | |
| At 1 st June 2003 | 450,000 |
| Disposals | (450,000) |
| Net Book Value | |
| At 31st May 2004 | - |
| At 31 st May 2003 | 450,000 |

The Investment property was valued by the directors on 31st May 2003 using an open market basis.

8 Debtors

| | 2004 £ | 2003 £ |
|--------------------------------|-------------------|-------------------|
| Other debtors | 104,292 | 1,647 |
| Prepayments and accrued income | 77,956 | 42,427 |
| | 182,248 | 44,074 |

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

| 9 Creditors: Amounts Falling Due Within One Year | 2004 | 2003 |
|---------------------------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Bank loans and overdrafts (Note 12) | 80,553 | 136,957 |
| Trade creditors | 103,221 | 17,369 |
| Amounts owed to group undertakings | 2,216,672 | 2,032,369 |
| Other creditors | 210,000 | - |
| Corporation tax | 121,266 | 21,143 |
| Accruals and deferred income | 6,453 | 10,262 |
| | <u>2,738,165</u> | <u>2,218,100</u> |

The bank loans and overdrafts are secured by a Mortgage dated 21st December 1998 over the company's freehold property.

| 10 Creditors: Amounts Falling Due After More Than One Year | 2004 | 2003 |
|-------------------------------------------------------------------|-----------------|----------------------|
| | £ | £ |
| Bank loans (Note 12) | <u>-</u> | <u>81,887</u> |

See Note 10 for security details.

| 11 Loans | 2004 | 2003 |
|-----------------------------------------------------------------------------------|----------------------|-----------------------|
| | £ | £ |
| Amounts included in creditors and payable in more than five years by instalments: | | |
| Bank loans | <u>-</u> | <u>-</u> |
| Amounts repayable: | | |
| In one year or less, or on demand | 80,553 | 136,957 |
| Between one and two years | - | 81,887 |
| Between two and five years | - | - |
| | <u>80,553</u> | <u>218,844</u> |
| In five years or more | <u>-</u> | <u>-</u> |
| | <u>80,553</u> | <u>218,844</u> |

| 12 Share Capital | 2004 | 2003 |
|-------------------------------------------------------------------|---------------------|---------------------|
| | £ | £ |
| Authorised Equity Shares | | |
| 1,000 Ordinary shares of £1.00 each | <u>1,000</u> | <u>1,000</u> |
| Allotted Equity Shares | | |
| 1 Allotted, called up and fully paid ordinary share of £1.00 each | <u>1</u> | <u>1</u> |

STREETE COURT LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2004

| | Investment Property Revaluation Reserve £ | Profit and Loss Account £ |
|-------------------------------------------------|-------------------------------------------------------|------------------------------------|
| 13 Reserves | | |
| At 1 st June 2002 | - | 14,674 |
| Loss for the year | - | (93,043) |
| Surplus on revaluation | 304,264 | - |
| At 1 st June 2003 | 304,264 | (78,369) |
| Loss for the year | - | (177,964) |
| Gain realised on disposal of Land and Buildings | (304,264) | 304,264 |
| At 31st May 2004 | - | 47,931 |
| 14 Reconciliation of Shareholders' Funds | 2004 | 2003 |
| | £ | £ |
| (Loss) for the financial year | (177,964) | (93,043) |
| Surplus on revaluation | - | 304,264 |
| (Decrease)/Increase in shareholders' funds | (177,964) | 211,221 |
| Opening shareholders' funds | 225,896 | 14,675 |
| Closing shareholders' funds | 47,932 | 225,896 |

15 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.

During the previous financial year, the company had an agreement with Mr C Davison (trading as Davison Construction Limited) for building work on a commercial basis at the company's freehold property. Mr Davison is the nephew of Mr R G Noades. The building work totalled £2,100 (2003 £Nil).

During the year the company was given a loan of £210,000 from 21st Century Projects Limited a company in which Mr R G Noades is the controlling party. The loan is interest free and is repayable on demand.

All transactions are undertaken on normal commercial terms.

16 Capital Commitments

The Company had authorised but not contracted for further expenditure to complete the golf course of £160,000 at 31st May 2004 (2003 £Nil).

STREETE COURT LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2004

17 Contingent Liabilities

The company has given guarantees to its bankers in respect of other group companies, which amounted to £2,020,657 at 31st May 2004(2003: £2,030,152).

18 Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

| | 2004 £ | 2003 £ |
|-----------------------------|----------------|----------------|
| Operating (Loss) | (48,057) | (38,753) |
| Depreciation charges | 2,138 | 2,140 |
| (Increase) in debtors | (138,174) | (18,637) |
| Increase in other creditors | 476,346 | 588,433 |
| | <u>292,253</u> | <u>533,183</u> |

19 Gross Cash Flows

Returns on Investments and Servicing Finance

| | 2004 £ | 2003 £ |
|----------------------------------------------------------------------|-----------|-----------|
| Interest paid | (8,641) | (33,147) |
| Net cash outflow for returns on investments and servicing of finance | (8,641) | (33,147) |

Capital Expenditure and Financial Investment

| | 2004 £ | 2003 £ |
|--------------------------------------------|-----------|-----------|
| Payments to acquire tangible fixed assets | (575,720) | - |
| Proceeds from the sale of fixed assets | 450,000 | - |
| Net cash outflow from investing activities | (125,720) | - |

Financing

| | 2004 £ | 2003 £ |
|---------------------------------|-----------|-----------|
| Bank loan repayments | (138,291) | (498,052) |
| Net cash outflow from financing | (138,291) | (498,052) |

20 Analysis of Changes in Net Debt

| | 2003 £ | Cash flows £ | 2004 £ |
|------------------------------|------------------|-----------------|-----------------|
| Cash | | | |
| Cash at bank and in hand | 2,844 | (1,542) | 1,302 |
| | <u>2,844</u> | <u>(1,542)</u> | <u>1,302</u> |
| Debt | | | |
| Bank loans due within 1 year | (136,957) | 56,404 | (80,553) |
| Bank loans due after 1 year | (81,887) | 81,887 | - |
| | <u>(218,844)</u> | <u>138,291</u> | <u>(80,553)</u> |
| | <u>(216,000)</u> | <u>136,749</u> | <u>(79,251)</u> |