

American Golf Discount Centre Limited

Report and Group Accounts

31 January 1998



American Golf Discount Centre Limited

Registered number 1720832

DIRECTORS

H W Bilton
R A Cook
A J Norton
R M Green

SECRETARY

H W Bilton

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester M2 3EY

BANKERS

National Westminster Bank Plc
Stockton Heath Branch
74 London Road
Warrington
Cheshire WA4 6HS

SOLICITORS

Brabner Holden
1 Dale Street
Liverpool L2 2ET

REGISTERED OFFICE

101 St George's Road
Bolton BL1 2BY

American Golf Discount Centre Limited

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 January 1998.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £935,835 (1997: profit £204,612). Interim ordinary dividends of £145,600 were paid during the year. The directors do not recommend a final ordinary dividend.

PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be the sale of golf and ancillary equipment.

REVIEW OF BUSINESS

1997/8 has been a very successful year for American Golf Discount with record turnover and profits. Issues with stock losses experienced in the previous year have been resolved and new stores have contributed well to the performance during the year. During the year the retail climate was positive, benefiting from the building society windfall profits and from a well publicised and successful Ryder Cup.

The American Golf Discount brand is becoming increasingly accepted in the marketplace as the leading golf equipment supplier and the company is well supported by the major brand manufacturers in the industry. As more stores are opened giving better geographic cover, this trend is expected to continue.

FUTURE DEVELOPMENTS

In the latter part of 1997/98 a restructuring of the finance of the business was started which allowed one of the shareholders to exit the business. This is a positive step and will allow the remaining shareholders and directors to concentrate and focus on the generation and expansion of the business. Additional stores are planned for 1998/9 and it is expected that the number of stores will increase from 29 to 36.

Although the retail climate is not expected to be as buoyant as in 1997/8, the directors are confident that 1998/9 will be another successful year for the company.

FIXED ASSETS

The changes in fixed assets during the year are summarised in notes 10 and 11 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 January 1998 and their interests in the share capital of the company were as follows:

	31 January 1998	31 January 1997
	Ordinary shares	Ordinary shares
R H Bilton (resigned 31 January 1998)	-	175,000
H W Bilton	175,000	175,000
A J Norton	150,000	150,000
R A Cook	-	-
R M Green	-	-

PURCHASE OF OWN SHARES

During the year the company purchased 175,000 of its ordinary shares of £1 each, representing 35% of the ordinary shares then in issue, for consideration of £1,495,100. The shares were cancelled on purchase.

DIRECTORS' REPORT

EVENTS SINCE THE BALANCE SHEET

On 2 February 1998, the group sold its freehold properties at Great Ancoats, Manchester; Trent Vale, Stoke and North Road, Preston. No gain or loss was recognised, the properties being sold at a total net book value of approximately £1,386,000. The mortgage on the property at Great Ancoats, Manchester amounting to £510,000 was transferred to the purchaser and the mortgages outstanding on the other two properties amounting to £171,000 were redeemed by the group.

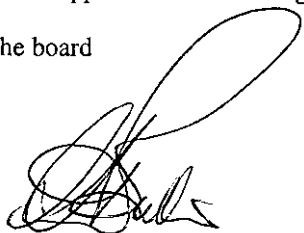
Also on 2 February 1998, the group repaid all bank loans and took out a term loan facility amounting to £2,500,000 repayable in instalments by 31 January 2004.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

By order of the board

Secretary



29 September 1998

American Golf Discount Centre Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 the profit or loss of the company for that period. In preparing those accounts, 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; and
- 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.

REPORT OF THE AUDITORS
to the members of American Golf Discount Centre Limited

We have audited the accounts on pages 7 to 24 which have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings and on the basis of the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

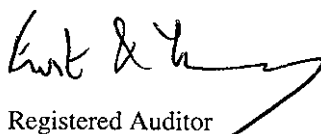
Basis of opinion

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 affairs of the company and of the group as at 31 January 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Manchester

8 October 1998

American Golf Discount Centre Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 January 1998

	Notes	1998 £	1997 £
TURNOVER	2	25,362,141	20,525,822
Cost of sales		17,088,406	14,463,691
GROSS PROFIT		8,273,735	6,062,131
Distribution costs		444,199	407,223
Administration expenses		6,507,795	5,196,320
		6,951,994	5,603,543
		1,321,741	458,588
Other operating income		260,024	228,877
OPERATING PROFIT	3	1,581,765	687,465
Profit on disposal of tangible fixed assets	4	183,888	-
		1,765,653	687,465
Bank interest receivable		6,923	13,167
Interest payable and similar charges	7	(324,990)	(345,558)
		(318,067)	(332,391)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,447,586	355,074
Tax on profit on ordinary activities	8	511,751	150,462
PROFIT FOR THE FINANCIAL YEAR	21	935,835	204,612
Dividends	9,21	145,600	37,500
PROFIT RETAINED FOR THE FINANCIAL YEAR		790,235	167,112

American Golf Discount Centre Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 January 1998

	1998 £	1997 £
Profit for the financial year	935,835	204,612
Movement on revaluation reserve - loss on disposal of building	-	30,976
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	935,835	235,588


American Golf Discount Centre Limited

GROUP BALANCE SHEET at 31 January 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	10	5,632,207	4,977,457
Investments	11	223,159	153,511
		<u>5,855,366</u>	<u>5,130,968</u>
CURRENT ASSETS			
Stocks	12	3,896,451	3,044,126
Debtors	13	1,654,618	1,705,622
Investments	14	5,600	5,600
Cash at bank and in hand		209,231	182,761
		<u>5,765,900</u>	<u>4,938,109</u>
CREDITORS: amounts falling due within one year	15	8,873,766	4,995,272
		<u>(3,107,866)</u>	<u>(57,163)</u>
NET CURRENT LIABILITIES			
		<u>(3,107,866)</u>	<u>(57,163)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,747,500</u>	<u>5,073,805</u>
CREDITORS: amounts falling due after more than one year	16	436,600	2,084,791
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	19	26,751	-
		<u>463,351</u>	<u>2,084,791</u>
		<u>2,284,149</u>	<u>2,989,014</u>
CAPITAL AND RESERVES			
Called up share capital	20	325,000	500,000
Capital redemption reserve	21	175,000	-
Revaluation reserve	21	197,080	197,080
Profit and loss account	21	1,587,069	2,291,934
		<u>2,284,149</u>	<u>2,989,014</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2,284,149</u>	<u>2,989,014</u>

Approved by the Board on

Director



29 September 1998

American Golf Discount Limited

COMPANY BALANCE SHEET

at 31 January 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	10	5,632,207	4,977,457
Investments	11	382,459	312,811
		<u>6,014,666</u>	<u>5,290,268</u>
CURRENT ASSETS			
Stocks	12	3,896,451	3,044,126
Debtors	13	1,654,618	1,705,622
Investments	14	5,600	5,600
Cash at bank and in hand		209,231	182,761
		<u>5,765,900</u>	<u>4,938,109</u>
CREDITORS: amounts falling due within one year	15	9,562,245	5,683,751
		<u>(3,796,345)</u>	<u>(745,642)</u>
NET CURRENT LIABILITIES			
		<u>(3,796,345)</u>	<u>(745,642)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,218,321</u>	<u>4,544,626</u>
CREDITORS: amounts falling due after more than one year	16	436,600	2,084,791
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	19	26,751	-
		<u>463,351</u>	<u>2,084,791</u>
		<u>1,754,970</u>	<u>2,459,835</u>
CAPITAL AND RESERVES			
Called up share capital	20	325,000	500,000
Capital redemption reserve	21	175,000	-
Revaluation reserve	21	197,080	197,080
Profit and loss account	21	1,057,890	1,762,755
		<u>1,754,970</u>	<u>2,459,835</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,754,970</u>	<u>2,459,835</u>

Approved by the Board on

Director



29 September 1998

American Golf Discount Centre Limited

GROUP STATEMENT OF CASH FLOWS for the year ended 31 January 1998

	Notes	1998 £	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22 (a)	2,111,830	1,433,590
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		6,923	13,167
Interest paid		(237,746)	(248,654)
Interest element of finance lease rental payments		(87,244)	(76,043)
		(318,067)	(311,530)
TAXATION			
Corporation tax paid (including advance corporation tax)		(188,685)	(270,014)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(1,471,367)	(711,593)
Receipts from sales of tangible fixed assets		974,247	200,397
Payments to acquire investments		(69,648)	(42,713)
Receipts from sales of investments		-	60,443
		(566,768)	(493,466)
EQUITY DIVIDENDS PAID		(145,600)	(37,500)
NET CASH INFLOW BEFORE FINANCING		892,710	321,080
FINANCING			
New long term loans		-	750,000
Repayment of loans		(122,740)	(304,480)
Repayment of capital element of finance leases and hire purchase contracts		(298,063)	(307,430)
		(420,803)	138,090
INCREASE IN CASH	22 (b)	471,907	459,170

American Golf Discount Centre Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 January 1998

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
Increase in cash		471,907	459,170
Cash inflow from increase in loans		-	(750,000)
Repayment of loans		122,740	304,480
Repayment of capital element of finance leases and hire purchase contracts		298,063	307,430
Change in net debt resulting from cash flows	22 (b)	892,710	321,080
New finance leases and hire purchase contracts		(487,517)	(442,266)
MOVEMENT IN NET DEBT		405,193	(121,186)
NET DEBT AT 1 FEBRUARY 1997	22 (b)	(3,474,543)	(3,353,357)
NET DEBT AT 31 JANUARY 1998	22 (b)	(3,069,350)	(3,474,543)

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold land and buildings and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of American Golf Discount Centre Limited and all its subsidiary undertakings drawn up to 31 January each year. No profit and loss account is presented for American Golf Discount Centre Limited as permitted by section 230 of the Companies Act 1985.

Goodwill

Purchased goodwill is written off directly to reserves.

Fixed assets

All fixed assets are initially recorded at cost. Certain freehold land and buildings have subsequently been revalued.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	-	nil
Leasehold land and buildings	-	over 10 years
Plant and machinery	-	15% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance
Fixtures and fittings	-	over 5 years

No depreciation is charged on freehold buildings. It is the group's practice to maintain these assets in a continual state of sound repair. Accordingly the directors consider that the lives of these assets and residual values (based on prices prevailing at the time of acquisition or subsequent revaluation) are such that their depreciation is insignificant.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Finished goods and goods for resale - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

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

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

All turnover is attributable to the one continuing activity of the company and arises in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1998 £	1997 £
Auditors' remuneration - audit services	21,000	19,850
- non-audit services	60,965	44,500
Depreciation of owned tangible fixed assets	325,663	206,220
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	234,636	204,723
Profit on sale of tangible fixed assets	(46,524)	(26,123)
Operating lease rentals -land and buildings	636,586	485,829
- other	33,302	28,289
	<u> </u>	<u> </u>

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

4. EXCEPTIONAL ITEMS

	<i>1998</i> £	<i>1997</i> £
Profit on disposal of land and buildings	183,888	-
Taxation charge	57,000	-

5. DIRECTORS' EMOLUMENTS

	<i>1998</i> £	<i>1997</i> £
Emoluments	596,418	324,277
Company contributions paid to money purchase pension schemes	38,520	35,850

	<i>1998</i> No.	<i>1997</i> No.
Members of money purchase pension schemes	5	5

The amounts in respect of the highest paid director are as follows:

	<i>1998</i> £	<i>1997</i> £
Emoluments	185,488	89,350
Company contributions paid to money purchase pension schemes	12,840	11,950

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

6. STAFF COSTS

	1998 £	1997 £
Wages and salaries	2,971,690	2,271,516
Social Security costs	250,757	192,737
Other pension costs	59,378	51,572
	<u>3,281,825</u>	<u>2,515,825</u>

The average weekly number of employees during the year was as follows:

	1998 No.	1997 No.
Management	4	4
Administration	26	20
Warehouse and sales	152	131
	<u>184</u>	<u>155</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Bank loans and overdraft	237,075	247,859
Finance charges under finance leases and hire purchase contracts	87,244	76,043
Corporation tax interest	671	21,656
	<u>324,990</u>	<u>345,558</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Based on the profit for the year:		
Corporation tax at 31% (1997: 33%)	485,000	161,000
Deferred taxation	37,826	-
	<u>522,826</u>	<u>161,000</u>
Adjustments relating to earlier periods:		
Corporation tax overprovided	-	(10,538)
Deferred taxation	(11,075)	-
	<u>511,751</u>	<u>150,462</u>

9. DIVIDENDS

	1998 £	1997 £
Equity dividends on ordinary shares:		
Interim paid	145,600	37,500
	<u>145,600</u>	<u>37,500</u>

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

10. TANGIBLE FIXED ASSETS

<i>Group and company</i>	<i>Land and buildings £</i>	<i>Plant and machinery £</i>	<i>Motor vehicles £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost or valuation:					
At 1 February 1997	4,051,585	49,739	725,958	1,433,331	6,260,613
Additions	379,549	11,053	454,024	548,146	1,392,772
Disposals	(22,500)	-	(413,399)	-	(435,899)
At 31 January 1998	4,408,634	60,792	766,583	1,981,477	7,217,486
Depreciation:					
At 1 February 1997	198,948	28,405	343,081	712,722	1,283,156
Provided during the year	118,525	5,823	141,463	294,488	560,299
Disposals	-	-	(258,176)	-	(258,176)
At 31 January 1997	317,473	34,228	226,368	1,007,210	1,585,279
Net book value:					
At 31 January 1998	4,091,161	26,564	540,215	974,267	5,632,207
At 31 January 1997	3,852,637	21,334	382,877	720,609	4,977,457

The net book value of motor vehicles includes an amount of £488,820 (1997: £382,877) in respect of assets held under finance leases and hire purchase contracts. The depreciation in the year amounts to £72,165. The net book value of fixtures and fittings includes an amount of £534,188 (1997: £422,632) in respect of assets held under finance leases. The depreciation in the year amounts to £115,226.

	<i>1998 £</i>	<i>1997 £</i>
Land and buildings are split:		
Freehold	2,523,213	2,509,599
Leasehold	1,567,948	1,343,038
	4,091,161	3,852,637

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

11. FIXED ASSET INVESTMENTS

	<i>Group</i> £	<i>Company</i> £
At 1 February 1997	153,511	312,811
Additions	69,648	69,648
At 31 January 1998	<u>223,159</u>	<u>382,459</u>

The company contributes to investment policies to satisfy the company's long term commitments (note 17). The historic cost of these investments included within fixed asset investments is £181,005 (1997: £153,511). The market value is not significantly different from the carrying value.

Details of subsidiary undertakings at 31 January 1997 and 31 January 1998 are:

<i>Company</i>	<i>Principal activity</i>	<i>Proportion and class of shares held</i>
Par-Bilt (UK) Limited	Dormant	100% ordinary
Crewe Golf and Leisure Limited	Dormant	100% ordinary
Bilton Golf Promotions Limited	Dormant	100% ordinary
Palm-Springs (UK) Limited	Dormant	100% ordinary

All of the subsidiary undertakings are incorporated in England. Palm-Springs (UK) Limited and Regal Golf Limited are subsidiaries of Par-Bilt (UK) Limited.

The company owns 20% of the ordinary share capital of Gardenbook Projects Limited. The principal activity of Gardenbook Projects Limited is property investment. This investment has not been treated as an associated undertaking as the company does not exercise significant influence.

During the financial period ended 30 September 1997 Gardenbook Projects Limited made a loss after tax of £66,113 (1996: £10,333) and at the end of that period the aggregate of its capital and reserves was £156,025 (1996: £265,209).

12. STOCKS

<i>Group and company</i>	<i>1998</i> £	<i>1997</i> £
Finished goods and goods for resale	<u>3,896,451</u>	<u>3,044,126</u>

13. DEBTORS

<i>Group and company</i>	<i>1998</i> £	<i>1997</i> £
Trade debtors	816,232	1,101,307
Other debtors	252,697	207,034
Prepayments and accrued income	585,689	397,281
	<u>1,654,618</u>	<u>1,705,622</u>

Included within other debtors are directors loans amounting to £84,726 (1997: £69,416). The loan relates jointly to R H Bilton, H W Bilton and A J Norton, the shareholder directors. The largest value of the loan during the year was £84,726 (1997: 69,416).

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

14. INVESTMENTS

Group and company

Cost: £
At 31 January 1998 and 31 January 1997 5,600

The company owns 200 'C' shares in Portal Golf and Country Club which is controlled by Arderne Plc.

15. CREDITORS: amounts falling due within one year

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	688,479	688,479
Current instalments on bank loans (note 17)	1,936,713	194,063	1,936,713	194,063
Bank overdraft	662,281	1,107,718	662,281	1,107,718
Obligations under finance leases and hire purchase contracts (note 18)	242,987	270,732	242,987	270,732
Trade creditors	2,982,416	2,605,971	2,982,416	2,605,971
Current corporation tax	515,764	219,449	515,764	219,449
Other taxes and social security costs	557,268	344,355	557,268	344,355
Other creditors	1,557,620	36,718	1,557,620	36,718
Accruals and deferred income	418,717	216,266	418,717	216,266
	<u>8,873,766</u>	<u>4,995,272</u>	<u>9,562,245</u>	<u>5,683,751</u>

The bank loans are secured by first charges on the freehold properties of the group. The bank overdraft is secured by a fixed and floating charge over the assets of the group.

16. CREDITORS: amounts falling due after more than one year

	1998 £	1997 £
<i>Group and company</i>		
Long term loans (note 17)	-	1,865,390
Obligations under finance leases and hire purchase contracts (note 18)	436,600	219,401
	<u>436,600</u>	<u>2,084,791</u>

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

17. LOANS

<i>Group and company</i>	<i>1998 £</i>	<i>1997 £</i>
Wholly repayable within five years:		
Bank loan	284,814	405,000
Not wholly repayable within five years:		
Bank loan at 9.7% wholly repayable on 5 November 2008	298,789	296,214
Bank loan at 12.7% wholly repayable on 28 June 2006	510,000	510,000
Bank loan at 8.5% repayable in monthly instalments of £1,406	93,110	98,239
Bank loan repayable in monthly instalments of £6,944	750,000	750,000
	<u>1,936,713</u>	<u>2,059,453</u>
Less: included in creditors: amounts falling due within one year	(1,936,713)	(194,063)
	<u>-</u>	<u>1,865,390</u>
Amounts repayable after five years other than by instalments	-	806,214
Amounts repayable by instalments any of which fall for payment after five years:		
Instalments payable within five years	-	444,888
Instalments payable after five years	-	403,351
	<u>-</u>	<u>848,239</u>
Amounts repayable:		
In one year or less	1,936,713	194,063
Between one and two years	-	212,128
Between two and five years	-	249,634
	<u>1,936,713</u>	<u>655,825</u>
In five years or more	-	1,209,565
	<u>1,936,713</u>	<u>1,865,390</u>

Bank loans are secured by first charges on the freehold properties of the group.

On 2 February 1998, the group repaid, or transferred on sale of property, all bank loans shown above and took out a term loan facility amounting to £2,500,000 repayable in instalments by 31 January 2004.

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1998 £	1997 £
<i>Group and company</i>		
Amounts payable:		
within one year	536,101	337,806
within two to five years	261,985	474,629
	<u>798,086</u>	<u>812,435</u>
Less: finance charges allocated to future periods	118,499	322,302
	<u>679,587</u>	<u>490,133</u>

Finance leases and hire purchase contracts are analysed as follows:

	1998 £	1997 £
Current obligations (note 15)	242,987	270,732
Non-current obligations (note 16)	436,600	219,401
	<u>679,587</u>	<u>490,133</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	1998 £	1997 £
At 1 February	-	-
Charge for the year	37,826	-
Adjustment relating to prior period	(11,075)	-
	<u>26,751</u>	<u>-</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	1998 £	Provided 1997 £	Not provided 1998 £	Not provided 1997 £
Capital allowances in advance of depreciation	26,751	-	-	(10,075)

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NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

20. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	500,000	500,000	325,000	500,000

During the year, the company purchased 175,000 of its ordinary shares of £1 each at a price of £8.54 per share. The shares were cancelled on purchase.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group:

	<i>Share Capital</i>	<i>Capital Redemption Reserve</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 February 1996	500,000	-	228,056	2,124,822	2,852,878
Disposal	-	-	(30,976)	-	(30,976)
Profit for the year	-	-	-	204,612	204,612
Dividends	-	-	-	(37,500)	(37,500)
At 1 February 1997	500,000	-	197,080	2,291,934	2,989,014
Purchase of shares at premium	(175,000)	-	-	(1,320,100)	(1,495,100)
Transfer to capital redemption reserve	-	175,000	-	(175,000)	-
Profit for the year	-	-	-	935,835	935,835
Dividends	-	-	-	(145,600)	(145,600)
At 31 January 1998	325,000	175,000	197,080	1,587,069	2,284,149

Company:

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 February 1996	500,000	-	228,056	1,595,643	2,323,699
Disposal	-	-	(30,976)	-	(30,976)
Profit for the year	-	-	-	204,612	204,612
Dividends	-	-	-	(37,500)	(37,500)
At 1 February 1997	500,000	-	197,080	1,762,755	2,459,835
Purchase of shares at premium	(175,000)	-	-	(1,320,100)	(1,495,100)
Transfer to capital redemption reserve	-	175,000	-	(175,000)	-
Profit for the year	-	-	-	935,835	935,835
Dividends	-	-	-	(145,600)	(145,600)
At 31 January 1998	325,000	175,000	197,080	1,057,890	1,754,970

American Golf Discount Centre Limited

NOTES TO THE GROUP ACCOUNTS

at 31 January 1998

22. NOTES TO THE STATEMENT OF CASH FLOW

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1998	1997
	£	£
Operating profit	1,581,765	687,465
Depreciation	560,299	410,943
Profit on sale of fixed assets	(46,524)	(26,123)
Decrease/(increase) in debtors	51,004	(342,459)
(Increase)/decrease in stocks	(852,325)	107,644
Increase in creditors	817,611	596,120
Net cash inflow from operating activities	2,111,830	1,433,590

(b) Analysis of net debt

	At 1 February 1997	Cash flow	Non-cash movements	At 31 January 1998
	£	£	£	£
Cash at bank and in hand	182,761	26,470	-	209,231
Bank overdraft	(1,107,718)	445,437	-	(662,281)
	(924,957)	471,907	-	(453,050)
Loans	(2,059,453)	122,740	-	(1,936,713)
Finance leases	(490,133)	298,063	(487,517)	(679,587)
	(3,457,543)	892,710	(487,517)	(3,069,350)

(c) Major non-cash transactions

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £487,517 (1997: £442,266).

(d) Other significant transactions

During the year, the company purchased 175,000 of its ordinary shares of £1 each for total cash consideration of £1,495,100 which was paid on 2 February 1998 following the company's year end.

23. POST BALANCE SHEET EVENTS

On 2 February 1998, the group sold its freehold properties at Great Ancoats, Manchester; Trent Vale, Stoke and North Road, Preston. No gain or loss was recognised, the properties being sold at a total net book value of approximately £1,386,000. The mortgage on the Great Ancoats, Manchester was transferred to the purchaser and the mortgages outstanding on the other two properties amounting to £171,000 were redeemed by the group.

Also on 2 February 1998, the group repaid all bank loans and took out a term loan facility amounting to £2,500,000 repayable in instalments by 31 January 2004.

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at 31 January 1998

24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors and senior employees. The assets of the scheme are held separately from those of the group in an independently administered fund. There were no prepaid or outstanding contributions at the year end (1996: nil).

25. OTHER FINANCIAL COMMITMENTS

At 31 January 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	£	£	£	£
Operating leases which expire:				
within one year	-	-	-	3,870
within two to five years	-	-	8,100	5,793
over five years	823,512	592,667	-	-
	<u>823,512</u>	<u>592,667</u>	<u>8,100</u>	<u>9,663</u>

26. RELATED PARTY TRANSACTIONS

- During the year the company paid £22,500 to extend the option to purchase premises in Purley. Gardenbook Projects Limited agreed to purchase the premises instead, and reimbursed the company.
- During the year, the company purchased property in Cheltenham for £267,000 and spent an additional £299,112 on renovation work. This property was subsequently sold on 26 January 1998 to Gardenbook Projects Limited for £750,000, giving a profit on disposal of £183,888.
- Rent paid to Gardenbook Projects Limited during the year was £183,318 (1997: £154,670).
- At the balance sheet date the amount due to Gardenbook Projects Limited was £nil (1997: £nil).

A J Norton and R H Bilton, directors, are directors of Gardenbook Projects Limited. All transactions were undertaken in the normal course of trade and on arms length terms.