

**ASPECT GOLF AND LEISURE
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 1998



Company no 2100925

ASPECT GOLF AND LEISURE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 1998

Company registration number: 2100925

Registered office: Aspect Park Golf Club
Remenham Hill
Henley on Thames
Oxon
RG9 3EH

Directors: T M Winsland
J L Winsland
T Ziffo

Secretary: J L Winsland

Bankers: Barclays Bank Plc
Barclays Business Centre
PO Box No 544
54 Lombard Street
London
EC3V 9EX

Solicitors: Kidd Rapinet
35 Windsor Road
Slough
Berks
SL1 2EB

Auditors: Grant Thornton
Chartered Accountants
Edinburgh House
Windsor Road
Slough
SL1 2EE

ASPECT GOLF AND LEISURE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 1998

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ASPECT GOLF AND LEISURE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 January 1998.

Principal activities

The company is principally engaged in the management of a golf course and driving range.

Business review

There was a loss for the year after taxation amounting to £98,003 (1997: loss £166,634). The directors do not recommend payment of a dividend and the loss has therefore been deducted from reserves.

The financial results for the year have been disappointing. The loss for the year has been largely due to the level of interest on the loans, £102,637. During the year, the bank loans have been re-negotiated and reduced by £107,700 and five further shares have been issued. This should reduce the level of interest paid and show improved results in 1998/99.

Our objective is to give our members good value, with a course in excellent condition with good and friendly clubhouse facilities. In this respect, the expanded course and the clubhouse have continued to improve since they were officially opened in May 1996. These improvements have led to an increase in the number of visitors and an increase in membership: 163 new members joined during the past year and we have already attracted 50 new members in the first quarter of 1998.

There has also been a considerable increase in the level of society visits and many are making repeat bookings. In May 1998 we hosted our first County championship and the course was highly praised by discerning golfers, many competitors asking for a return visit.

We are pleased with the progress of the club during 1997/98 and the continued establishment of the name Aspect Park in the local golfing community. Further marketing, and the opening of the new nine hole 'Pitch and Putt' course should ensure that this continues in 1998/99.

The above mentioned improvements have been, to a large extent, achieved due to our hardworking, enthusiastic and dedicated staff.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 January 1998 and 1 February 1997 were as follows:

	'B' Ordinary shares	
	31 January 1998	1 February 1997
T M Winsland	2	2
J L Winsland	2	2
T Ziffo	-	-

No director had, during or at the end of the year, any material interest in a contract which was significant in relation to the company's business, except as disclosed in note 18.

The company has granted a share option to Mr T Winsland and Mrs J Winsland to acquire a total of 2 'B' ordinary shares at any time up to 31 March 1998 at a sum of £20,000 per share. On 16 March 1998 Mr T Winsland subscribed for one further 'B' Ordinary share under this share option agreement.

ASPECT GOLF AND LEISURE LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements 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 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Director

Date: 17 July 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ASPECT GOLF AND LEISURE LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 January 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
THAMES VALLEY
SLOUGH**

Date: 24 July 1998

ASPECT GOLF AND LEISURE LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT. Membership subscriptions are apportioned on a straight line basis across the period to which they relate. Amounts received in advance are included within deferred income.

DEPRECIATION

Depreciation is calculated on the reducing balance method and aims to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rate applicable for plant and machinery is 25%.

No depreciation is provided on freehold properties and improvements as it is the company's policy to maintain these assets in a continual state of sound repair. The useful economic lives of these assets are thus so long and residual values are so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

STOCK

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

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge (calculated on a straight line basis).

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

ASPECT GOLF AND LEISURE LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 January 1998

	Note	1998 £	1997 £
Turnover	1	484,715	381,979
Cost of sales		(68,440)	(60,233)
Gross profit		416,275	321,746
Administrative expenses		(414,324)	(395,959)
Operating profit		1,951	(74,213)
Other interest receivable and similar income		2,683	547
Interest payable and similar charges	2	(102,637)	(92,968)
Loss on ordinary activities before and after taxation	1	(98,003)	(166,634)

There were no recognised gains or losses other than the loss for the financial year.

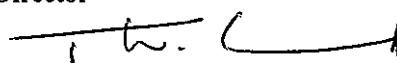
ASPECT GOLF AND LEISURE LIMITED

BALANCE SHEET AT 31 JANUARY 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	6	1,784,422	1,763,030
Current assets			
Stock	7	5,005	5,552
Debtors	8	19,100	20,467
Cash at bank and in hand		5,817	9,670
		<u>29,922</u>	<u>35,689</u>
Creditors: amounts falling due within one year	9	<u>(347,932)</u>	<u>(383,774)</u>
Net current liabilities		<u>(318,010)</u>	<u>(348,085)</u>
Total assets less current liabilities		<u>1,466,412</u>	<u>1,414,945</u>
Creditors: amounts falling due after more than one year	10	<u>(1,378,176)</u>	<u>(1,328,706)</u>
		<u>88,236</u>	<u>86,239</u>
Capital and reserves			
Called up share capital	11	15	10
Share premium account	12	649,989	549,994
Profit and loss account	12	(561,768)	(463,765)
Shareholders' funds	13	<u>88,236</u>	<u>86,239</u>

The financial statements were approved by the Board of Directors on 17 July 1998

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

ASPECT GOLF AND LEISURE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 January 1998

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998 £	1997 £
Loss for the financial year	(98,003)	(166,634)
Total recognised gains and losses for the year	(98,003)	(166,634)
Prior year adjustment (Note 5)	-	(13,918)
Total gains and losses recognised since last financial statements	(98,003)	(180,552)

The accompanying accounting policies and notes form an integral part of these financial statements.

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss before taxation are attributable to one activity, which is carried out in a single geographical market.

The loss on ordinary activities is stated after:

	1998 £	1997 £
Auditors' remuneration:		
Audit services	6,900	7,250
Depreciation of owned tangible fixed assets	19,037	30,748
Tangible fixed assets, held under finance leases and hire purchase contracts	4,536	-
Other operating lease rentals	17,500	17,500

2 INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, otherwise than by instalments	-	485
Repayable wholly or partly in more than 5 years	100,600	92,483
Finance charges in respect of finance leases	937	-
Other interest payable and similar charges	1,100	-
	102,637	92,968

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	162,446	150,427
Social security costs	14,023	12,689
	176,469	163,116

The average number of employees of the company during the year was 11 (1997: 10).

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Directors' fees	1,800	1,800
Management remuneration	36,950	36,652
	38,750	38,452

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

4 TAX ON LOSS ON ORDINARY ACTIVITIES

Unrelieved tax losses of approximately £550,000 (1997: £440,000) remain available to offset against future taxable trading profits.

5 PRIOR YEAR ADJUSTMENT

The prior year adjustment in the year ended 31 January 1997 of £13,918 is in respect of a correction of an error which had resulted in the incorrect timing of income recognition.

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Freehold property improve- ments	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 February 1997	499,890	1,189,878	173,814	1,863,582
Additions	-	6,952	38,013	44,965
	<u>499,890</u>	<u>1,196,830</u>	<u>211,827</u>	<u>1,908,547</u>
Depreciation				
At 1 February 1997	-	-	100,552	100,552
Provided in the year	-	-	23,573	23,573
	<u>-</u>	<u>-</u>	<u>124,125</u>	<u>124,125</u>
Net book amount at 31 January 1998	<u>499,890</u>	<u>1,196,830</u>	<u>87,702</u>	<u>1,784,422</u>
Net book amount at 31 January 1997	<u>499,890</u>	<u>1,189,878</u>	<u>73,262</u>	<u>1,763,030</u>

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £
Net book amount at 31 January 1998	<u>24,311</u>
Net book amount at 31 January 1997	<u>-</u>
Depreciation provided during year	<u>4,536</u>

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

7 STOCK

	1998 £	1997 £
Finished goods and goods for resale	5,005	5,552

8 DEBTORS

	1998 £	1997 £
Trade debtors	16,263	17,215
Other debtors	163	600
Prepayments and accrued income	2,674	2,652
	19,100	20,467

Included in other debtors is the director's loan account of T M Winsland and J L Winsland which became overdrawn during the year. This loan has no terms and no interest is levied on it. The maximum amount outstanding during the year was £163.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank and shareholder loans	61,078	131,858
Trade creditors	14,808	19,791
Social security and other taxes	22,176	20,169
Other creditors	30	8,966
Accruals and deferred income	242,772	202,990
Amounts due under finance leases	7,068	-
	347,932	383,774

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Debenture loans	50,000	50,000
Bank and shareholder loans	1,313,327	1,278,706
Amounts due under finance leases	14,849	-
	1,378,176	1,328,706

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

Debenture loans

No debentures were issued during the period. All of the debentures are redeemable at par at the end of their loan periods. No interest is charged on the loans.

Bank loan

The bank loan is secured by a fixed and floating charge over the assets of the company. The loan is repayable in three annual instalments of £50,000 commencing on 7 January 1999, together with a final instalment of £575,000 on 7 January 2003. Interest is charged at base rate plus 1.5%. The loan is shown net of issue costs of £12,037.

Shareholders' loans

The shareholders' loan of £320,000 (1997: £270,000) is secured by a fixed and floating charge over the assets of the company. The loan is repayable in 16 quarterly instalments of £20,000 from 31 December 1998. Interest is charged at base rate plus 2%. In accordance with the revised Shareholders' Agreement, interest of £50,000 was capitalised during the year. Interest of £16,172 (1997: £17,679) has been deferred and will be repayable in equal instalments along with the principal. The loan is shown net of issue costs of £4,730.

Of the remaining shareholders' loan of £330,000 (1997: £220,000), £242,000 (1997: £132,000) is secured by a fixed and floating charge over the assets of the company. The loan is repayable after 5 years once agreed by both the bank and shareholders, and prior to any dividend payments. No interest is charged on the loan.

Borrowings are repayable as follows:

	1998 £	1997 £
Within one year		
Bank and shareholders' loans	61,078	131,858
Finance leases	7,068	-
After one and within two years		
Bank and shareholders' loans	155,624	188,716
Finance leases	7,168	-
After two and within five years		
Bank and shareholders' loans	867,703	606,148
Finance leases	7,681	-
After five years		
Bank and shareholders' loans	340,000	533,842
	<u>1,446,322</u>	<u>1,460,564</u>

Borrowings repayable after five years comprise:

	1998 £	1997 £
Repayable by instalments		
Bank and Shareholders' loans	330,000	523,842
Debenture loans	10,000	10,000
	<u>340,000</u>	<u>533,842</u>

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

The total value of borrowings any part of which falls due after five years is as follows:

	1998 £	1997 £
Bank and Shareholders' loans	330,000	523,842
Debenture loans	50,000	50,000
	<u>380,000</u>	<u>573,842</u>

11 SHARE CAPITAL

	1998 £	1997 £
Authorised		
Ordinary shares of £1 each	18	100,000
Redeemable, Cumulative preference shares of £1 each	-	50,000
	<u>18</u>	<u>150,000</u>
Allotted, called up and fully paid		
15 (1997:10) ordinary shares of £1 each	15	10

Allotments during the year

The company made an allotment of 5 ordinary £1 'A' shares at £20,000 per share by way of a rights issue to existing members. The difference of £99,995 between the total consideration received of £100,000 and the total nominal value of £5 has been credited to the share premium account.

Share Classification

The authorised share capital comprises 11 'A' and 7 'B' ordinary £1 shares of which 11 'A' and 4 'B' have been allotted, called up and fully paid. The 'A' and 'B' shares rank pari passu in all respects and merely constitute separate classes of shares.

Share Options

The company has granted a share option to Mr T Winsland and Mrs J Winsland to acquire a total of 2 'B' ordinary shares at any time up to 31 March 1998 at a sum of £20,000 per share. On 16 March 1998 Mr T Winsland subscribed for one further 'B' Ordinary share under this share option agreement.

ASPECT GOLF AND LEISURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 January 1998

12 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Profit and loss account £
At 1 February 1997	549,994	(463,765)
Retained loss for the year	-	(98,003)
Premium on allotment during the year	99,995	-
At 31 January 1998	<u>649,989</u>	<u>(561,768)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(98,003)	(166,634)
Issue of shares	100,000	-
Shareholders' funds at 1 February 1997	86,239	252,873
Shareholders' funds at 31 January 1998	<u>88,236</u>	<u>86,239</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 January 1998 or 31 January 1997.

15 CONTINGENT LIABILITIES

At 31 January 1998 a contingent liability existed in respect of future performance related bonuses of £40,000 (1997:£40,000).

16 LEASING COMMITMENTS

Operating lease payments in respect of land and buildings amounting to £18,000 (1997: £27,417) are due within one year. The leases to which these amounts relate expire as follows:

	1998 Land and buildings £	1997 Land and buildings £
In one year or less	-	9,417
In five years or more	18,000	18,000
	<u>18,000</u>	<u>27,417</u>

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 1998

17 ULTIMATE PARENT AND CONTROLLING UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is its parent company Golf and Leisure Holdings Limited, which is incorporated in Guernsey.

The directors also consider that Golf and Leisure Holdings Limited is the controlling, and ultimate controlling party of this company.

18 RELATED PARTY TRANSACTIONS

A summary of related party transactions are as follows:

Aries Developments, a business owned by T M Winsland and J L Winsland (Directors of Aspect Golf and Leisure Limited), charged Aspect Golf and Leisure Limited £5,400 (1997: £4,050) for management services provided during the year.

The interest free loan from T M Winsland and J L Winsland, directors of Aspect Golf and Leisure Limited, to the company at the balance sheet date was £88,000 (1997: £88,000). The balance on the directors' current account at the balance sheet date was £163 overdrawn (1997: £8,966 credit).

Golf and Leisure Holdings Limited, the controlling shareholder of Aspect Golf and Leisure Limited, provided the £315,270 (1997: £265,270) loan, net of arrangement costs, shown in note 10. Interest for the year of £27,948 (1997: £22,959) was charged. At the balance sheet date interest totalling £16,172 (1997: £39,731) was outstanding.. This party also provided a further interest free loan of £110,000 during the year as part of the shareholders' agreement for the purchase of shares. At the balance sheet date the amount of interest free loans outstanding was £242,000 (1997: £132,000).