

**ASPECT GOLF AND LEISURE
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2001



Company no 2100925

ASPECT GOLF AND LEISURE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2001

Company registration number: 2100925

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

Directors: T M Winsland
J L Winsland
T Ziffo
A Jassal
S Seretis

Secretary: A Jassal

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

Solicitors: Lewis Silkin
12 Gough Square
London
EC4A 3DW

Auditors: Grant Thornton
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS

ASPECT GOLF AND LEISURE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2001

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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 2001.

Principal activities

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

Business review

The financial year results were disappointing showing a loss of £327,082, of which £239,593 was a one-off accounting adjustment due to the impact of FRS15 necessitating a reduction in the value of the assets (see note 5). This adjustment may be reversed in the event of any subsequent uplift in the valuation of assets. Without this adjustment the loss for the year would be £87,489 which compares with a loss of £15,017 for the year to 31 January 2000.

This was mainly due to a reduction in membership and the very competitive position in the number of new golf courses available to golfers. Every effort is being made to increase membership and turnover.

The course has matured further during the year and we are grateful to our staff for their combined hard work and commitment.

The directors do not recommend payment of a dividend and the loss has therefore been set against reserves.

Directors

The present membership of the Board is set out below.

The interests of the directors and their families in the shares of the company as at 31 January 2001 and 1 February 2000 were as follows:

	'B' Ordinary shares	
	31 January 2001	1 February 2000
T M Winsland	3	3
J L Winsland	2	2
T Ziffo	-	-
A Jassal (appointed 4 September 2000)	-	-
S Seretis (appointed 4 September 2000)	-	-

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.

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:

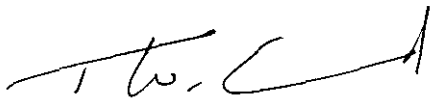
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

30 November 2001

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

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 January 2001 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
LONDON THAMES VALLEY OFFICE
SLOUGH**

30 November 2001

ASPECT GOLF AND LEISURE LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The financial statements are prepared on a going concern basis, despite the company ending the year with net liabilities of £271,617. The directors believe this to be appropriate for the following reasons:

- The directors are confident that the impairment loss of £239,593 will reverse in the future.
- The shareholders have agreed to capitalise £555,000 of the shareholders loans.
- The directors are confident that the company's projected cashflow will be sufficient for it to pay its liabilities as they fall due.

The financial statements do not include any adjustments that might arise as a result of the company not being able to meet its liabilities as they fall due.

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.

TANGIBLE FIXED ASSETS AND 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 property as the useful economic lives of these assets are of such length (and the residual values are not materially different from the carrying amount) that any depreciation would not be material. Residual values are prices prevailing at the date of the last valuation. The value is reviewed annually in accordance with the requirements of Financial Reporting Standard 15, and any diminution in value is provided for in the profit and loss account.

STOCK

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

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

ASPECT GOLF AND LEISURE LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 2001

	Note	2001 £	2000 £
Turnover	1	485,659	533,683
Cost of sales		<u>(73,198)</u>	<u>(87,981)</u>
Gross profit		412,461	445,702
Impairment loss		<u>(239,593)</u>	-
Administrative expenses - other		<u>(416,028)</u>	<u>(381,634)</u>
Total administrative expenses		<u>(655,621)</u>	<u>(38,634)</u>
Operating (loss)/profit		(243,160)	64,068
Interest payable and similar charges	2	<u>(83,922)</u>	<u>(79,085)</u>
Loss on ordinary activities before and after taxation	1	<u>(327,082)</u>	<u>(15,017)</u>

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

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

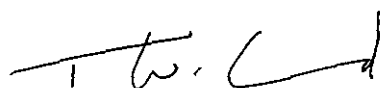
ASPECT GOLF AND LEISURE LIMITED

BALANCE SHEET AT 31 JANUARY 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	5	1,565,769	1,796,466
Current assets			
Stock	6	2,644	4,545
Debtors	7	23,573	51,961
Cash at bank and in hand		4,910	3,765
		<u>31,127</u>	<u>60,271</u>
Creditors: amounts falling due within one year	8	<u>(391,147)</u>	<u>(419,335)</u>
Net current liabilities		<u>(360,020)</u>	<u>(359,064)</u>
Total assets less current liabilities		<u>1,205,749</u>	<u>1,437,402</u>
Creditors: amounts falling due after more than one year	9	<u>(1,477,366)</u>	<u>(1,381,937)</u>
		<u>(271,617)</u>	<u>55,465</u>
Capital and reserves			
Called up share capital	10	16	16
Share premium account	11	669,988	669,988
Profit and loss account	11	<u>(941,621)</u>	<u>(614,539)</u>
Shareholders' funds	12	<u>(271,617)</u>	<u>55,465</u>

The financial statements were approved by the Board of Directors on 30 November 2001

Director



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 2001

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:

	2001 £	2000 £
Auditors' remuneration	7,800	7,500
Depreciation of owned tangible fixed assets	11,188	13,195
Tangible fixed assets, held under finance leases and hire purchase contracts	8,582	4,558
Tangible fixed assets - impairment loss	239,593	-
Other operating lease rentals	17,500	17,500

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
On bank loans and overdrafts	82,488	77,651
Finance charges in respect of finance leases	1,434	1,434
	83,922	79,085

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	216,762	199,970
Social security costs	19,103	22,272
Other pension costs	-	4,687
	235,865	226,929

The average number of employees of the company during the year was 15 (2000: 16).

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	47,767	58,021
Pension contributions to money purchase pension schemes	-	4,687
	47,767	62,708

4 TAX ON LOSS ON ORDINARY ACTIVITIES

Unrelieved tax losses of approximately £585,000 (2000: £515,000) remain available to offset against future taxable trading profits.

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

5 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Freehold property improve- ments £	Plant and machinery £	Total £
Cost				
At 1 February 2000	499,890	1,235,990	225,256	1,961,136
Additions	-	3,713	29,956	33,669
Disposals	-	-	(31,330)	(31,330)
At 31 January 2001	499,890	1,239,703	223,882	1,963,475
Depreciation				
At 1 February 2000	-	-	164,670	164,670
Provided in the year	-	-	19,770	19,770
Impairment loss	-	239,593	-	239,593
Eliminated on disposals	-	-	(26,327)	(26,327)
At 31 January 2001	-	239,593	158,113	397,706
Net book amount at 31 January 2001	<u>499,890</u>	<u>1,000,110</u>	<u>65,769</u>	<u>1,565,769</u>
Net book amount at 31 January 2000	<u>499,890</u>	<u>1,235,990</u>	<u>60,586</u>	<u>1,796,466</u>

The directors have reviewed a valuation carried out for the purposes of lender's security of the freehold land, buildings and golf course, which indicated that the open market value was £1.2m. The directors consider this valuation to be cautious, and believe that the minimum value that would be obtained by an open market sale would be £1.5m. Accordingly, an impairment loss has been provided of £239,593.

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 2001	<u>33,534</u>
Net book amount at 31 January 2000	<u>13,675</u>
Depreciation provided during year	<u>8,582</u>

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

6 STOCK

	2001 £	2000 £
Finished goods and goods for resale	<u>2,644</u>	<u>4,545</u>

7 DEBTORS

	2001 £	2000 £
Trade debtors	20,691	51,909
Other debtors	310	-
Prepayments and accrued income	<u>2,572</u>	<u>52</u>
	<u>23,573</u>	<u>51,961</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Debenture loans	10,000	5,000
Bank loans, overdrafts and shareholder loans	119,750	111,274
Trade creditors	25,328	29,012
Social security and other taxes	34,768	38,211
Other creditors	7,942	14,107
Accruals and deferred income	187,761	214,610
Amounts due under finance leases	<u>5,598</u>	<u>7,121</u>
	<u>391,147</u>	<u>419,335</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Debenture loans	25,000	35,000
Bank and shareholder loans	1,441,173	1,346,326
Amounts due under finance leases	<u>11,193</u>	<u>611</u>
	<u>1,477,366</u>	<u>1,381,937</u>

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

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 two instalments, the first being £50,000 due on 7 January 2002 and then a final instalment of £625,000 due on 7 January 2003. Interest is charged at base rate plus 1.5%. The loan is shown net of issue costs of £7,236 (2000: £9,637).

Shareholders' loan

The shareholders' loan of £335,000 (2000: £320,000) 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 which have been deferred until such time as the company has sufficient funds to repay this loan. The directors consider it prudent to repay this loan between two and five years from the balance sheet date. Interest is charged at base rate plus 2%. Interest of £29,448 (2000: £25,752) has been deferred and will be repayable in equal instalments along with the principal. The total capital and interest element of this loan outstanding at 31 January 2001 is £423,409 (2000: £376,562). The loan is shown net of issue costs of £2,331 (2000: £4,730)

Of the remaining shareholders' loan of £400,000 (2000: £352,000), £275,000 (2000: £242,000) 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.

The remaining loan of £125,000 (2000: £110,000) is unsecured, and will not be repaid for at least 12 months from the date of approval of these financial statements.

Borrowings are repayable as follows:

	2001 £	2000 £
Within one year		
Bank and shareholders' loans	129,750	116,274
Finance leases	5,598	7,121
After one and within two years		
Bank and shareholders' loans	742,764	52,600
Finance leases	5,016	611
After two and within five years		
Bank and shareholders' loans	448,409	1,308,726
Finance leases	6,177	-
After five years		
Bank and shareholders' loans	275,000	20,000
	<u>1,612,714</u>	<u>1,505,332</u>

Bank and other borrowings repayable after five years comprise:

	2001 £	2000 £
Bank and shareholders' loans	275,000	-
Debenture loans	-	20,000

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

10 SHARE CAPITAL

	2001 £	2000 £
Authorised Ordinary shares of £1 each	<u>18</u>	<u>18</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>16</u>	<u>16</u>

Share Classification

The authorised share capital comprises 11 'A' and 7 'B' ordinary £1 shares of which 11 'A' and 5 '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.

11 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Profit and loss account £
At 1 February 2000	669,988	(614,539)
Retained loss for the year	-	(327,082)
At 31 January 2001	<u>669,988</u>	<u>(941,621)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the financial year	(327,082)	(15,017)
Shareholders' funds at 1 February 2000	<u>55,465</u>	<u>70,482</u>
Shareholders' funds at 31 January 2001	<u>(271,617)</u>	<u>55,465</u>

13 PENSIONS

Defined Contribution Scheme

The company contributes to a defined contribution pension scheme for the benefit of some of the directors. The pension cost charge for the year was £nil (2000: £4,687).

ASPECT GOLF AND LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 January 2001 or 31 January 2000.

15 CONTINGENT LIABILITIES

At 31 January 2001 there was no contingent liability in respect of future performance related bonuses (2000: £40,000).

16 LEASING COMMITMENTS

Operating lease payments in respect of land and buildings amounting to £17,500 (2000: £18,000) are due within one year. The leases to which these amounts relate expire as follows:

	2001 Land and buildings £	2000 Land and buildings £
In five years or more	<u>17,500</u>	<u>18,000</u>

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 the related party transactions are as follows:

T M Winsland and J L Winsland, directors of Aspect Golf and Leisure Limited, provided an interest free loan to the company, of which £125,000 (2000: £110,000) was repayable at the balance sheet date. The balance on the directors' current account at the year end was £7,942 (2000: £16,440).

Golf and Leisure Holdings Limited, the controlling shareholder of Aspect Golf and Leisure Limited, provided a £332,669 (2000: £315,270) loan, net of arrangement costs, included in note 9. Interest charged in the year in respect of this loan was £29,448 (2000: £26,536). At the balance sheet date, interest totalling £90,740 (2000: £61,292) was outstanding.

A further interest free loan of £275,000 (2000: £242,000) was due to Golf and Leisure Holdings Limited at the balance sheet date.