

HAPPY VALLEY GOLF CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

Company No 2845617 (England and Wales)



HAPPY VALLEY GOLF CLUB LIMITED

COMPANY INFORMATION

Directors

Mr R G Noades
Mrs N L Noades
Mr D A Miller
Mr D W Waddington
Mrs L C Schlesinger

Secretary

Mr D A Miller

Company Number

2845617

Registered Office

Streete Court
Rooks Nest Park
Godstone
Surrey
RH9 8BZ

Auditors

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

HAPPY VALLEY GOLF CLUB LIMITED

CONTENTS

	Page
Directors' Report	1 to 2
Auditors Report	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	7 to 14

HAPPY VALLEY GOLF CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2000

The directors present their report together with the financial statements for the year ended 31 May 2000.

Principal Activities and Review of Business

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

Results and Dividends

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

The directors are disappointed with the loss for the year together with the fall in membership renewals for the next year. They are however confident that with the internal restructuring and changes in the strategy regarding memberships, the company will see improvements in the results.

The directors consider the state of the company's affairs to be satisfactory.

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	
	31 May 2000	1 June 1999
Mr R G Noades	-	-
Mrs N L Noades	-	-
Mr D A Miller	-	-
Mr D W Waddington	-	-
Mrs L C Schlesinger	-	-

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.

HAPPY VALLEY GOLF CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2000

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;

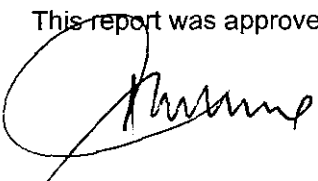
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 Fordham Waddington Partnership resigned as auditors of the company during the year and Meyer Williams Chartered Accountants were appointed by the directors in their place. A resolution to reappoint Meyer Williams Chartered Accountants will be put to the members at the Annual General Meeting.

This report was approved by the board on 10-11-2000, and signed on its behalf.



Mr D A Miller, Secretary

Date: 10.11.2000

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

We have audited the financial statements on pages four to fourteen which have been prepared under the historical cost convention and the accounting policies set out on pages seven and eight.

Respective responsibilities of director and auditors

As described on page two the company's directors are responsible for the preparation of 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.

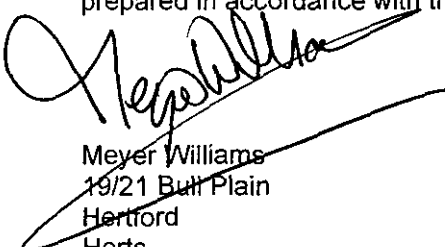
Basis of opinion

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 director 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 2000 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
Herts.

SG14 1DX
REGISTERED AUDITORS

Dated: 14th November 2000

HAPPY VALLEY GOLF CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2000

	Notes	2000 £	1999 £
Turnover	2	905,950	105,792
Cost of Sales		615,978	277,241
Gross Profit		<u>289,972</u>	<u>(171,449)</u>
Administrative Expenses		215,885	186,504
Operating Profit / Loss	3	<u>74,087</u>	<u>(357,953)</u>
Interest Receivable		-	-
Interest Payable and Similar Charges	4	(279,899)	(225,168)
Loss on Ordinary Activities before Taxation		<u>(205,812)</u>	<u>(583,121)</u>
Tax on Profit/Loss on ordinary activities	5	-	-
Loss for the Financial Year		<u>(205,812)</u>	<u>(583,121)</u>
Retained Loss Brought Forward		(853,129)	(270,008)
Retained Loss Carried Forward		<u><u>(1,058,941)</u></u>	<u><u>(853,129)</u></u>

All amounts relate to continuing activities.

There are no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

HAPPY VALLEY GOLF CLUB LIMITED

BALANCE SHEET

AS AT 31 MAY 2000

	Notes	2000 £	£	1999 £	£
Fixed Assets					
Tangible assets	7		4,515,812		4,363,396
Current Assets					
Stocks	8	14,322		9,202	
Debtors	9	7,460		39,226	
Cash at bank and in hand		160,417		10,026	
		<u>182,199</u>		<u>58,454</u>	
Creditors: Amounts Falling Due Within One Year	10	4,129,905		3,321,893	
Net Current Liabilities			(3,947,706)		(3,263,439)
Total Assets Less Current Liabilities			567,476		1,099,957
Creditors: Amounts Falling Due After More Than One Year	11		1,625,417		1,952,086
			<u>(1,057,941)</u>		<u>(852,129)</u>
Capital and Reserves					
Share capital	14		1,000		1,000
Profit and loss account			(1,058,941)		(853,129)
Shareholders' Funds	15		<u>(1,057,941)</u>		<u>(852,129)</u>

These financial statements were approved by the board on 10-11-2000 and signed on its behalf.

Mr R G Noades
Director

HAPPY VALLEY GOLF CLUB LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2000

	Notes	2000 £	1999 £
CASH FLOW STATEMENT			
Net Cash Inflow from Operating Activities	20	1,265,982	732,253
Returns on Investments and Servicing of Finance	21	(279,899)	(225,168)
Capital Expenditure and Financial Investment	21	(254,348)	(847,988)
Cash Outflow Before Use of Liquid Resources and Financing		<u>731,735</u>	<u>(340,903)</u>
Financing	21	(511,438)	204,359
Increase/Decrease in Cash		<u>220,297</u>	<u>(136,544)</u>
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase/Decrease in Cash in the year		220,297	(136,544)
Cash inflow from decrease/increase in net debt and lease financing	22	511,438	(204,359)
Decrease/Increase in Net Debt	22	<u>731,735</u>	<u>(340,903)</u>
Net Debt at 1 June 1999		(2,507,018)	(2,166,115)
Net Debt at 31 May 2000	22	<u>(1,775,283)</u>	<u>(2,507,018)</u>

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

1 Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting statements, under the historical cost convention and on a going concern basis. The directors consider that the going concern basis is appropriate on the grounds that the directors of Altonwood Limited (the company's holding 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 or valuation 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	Nil
Plant and machinery	20% on cost
Motor vehicles	25% on cost
Furniture and equipment	20% on cost

Freehold buildings are depreciated to write down the cost less estimated residual value over their remaining useful lives by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost or valuation no depreciation is charged as it is not material.

Stocks

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

Deferred Taxation

Deferred tax is provided for under the liability method 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.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

Contribution to Pension Funds

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

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

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.

Related party transactions

As disclosed in the related parties note, the parent company is Altonwood Limited and the ultimate holding 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 and the company has therefore taken advantage of the exemptions from disclosure of transactions and balances with other group companies conferred by Financial Reporting Statement 8 "Related Party Disclosures".

2 Turnover

Turnover is attributable to the principal activity of the company.

The geographical analysis of turnover is as follows:

	2000 £	1999 £
UK	<u>905,950</u>	<u>105,792</u>

3 Operating Profit/Loss

The operating loss is arrived at after charging or crediting:	2000 £	1999 £
Depreciation on owned assets	72,914	11,238
Depreciation of assets held under finance leases and hire purchase contracts	28,900	31,036
Loss on disposal of fixed assets	748	1,946
Hire of equipment – operating leases	4,988	7,005
Auditors' remuneration – non audit work	6,221	1,820
Auditors' remuneration	<u>6,000</u>	<u>1,500</u>

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

4	Interest Payable and Similar Charges	2000	1999
		£	£
	Bank overdrafts and loans	114,970	136,921
	Loans from group companies	156,280	75,000
	Finance leases and hire purchase contracts	8,649	13,144
	Other interest payable	-	103
		<u>279,899</u>	<u>225,168</u>

5 Taxation

The company will surrender trading losses amounting to approximately £199,000 to a fellow group company. No payment will be received for amounts so transferred.

6 Directors and Employees

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

	2000	1999
	£	£
Wages and salaries	340,864	174,342
Social security costs	41,585	-
Other pension costs	3,766	-
	<u>386,215</u>	<u>174,342</u>

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

	2000	1999
	Number	Number
Administration	<u>20</u>	<u>11</u>

7 Tangible Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture And Equipment	Total
Cost	£	£	£	£	£
At 1 June 1999	3,954,990	341,927	67,995	44,724	4,409,636
Additions	186,711	42,093	16,806	14,737	260,347
Disposals	-	-	(17,995)	-	(17,995)
At 31 May 2000	<u>4,141,701</u>	<u>384,020</u>	<u>66,806</u>	<u>59,461</u>	<u>4,651,988</u>
Depreciation					
At 1 June 1999	-	35,412	9,581	1,247	46,240
Charge for year	-	72,871	17,300	11,643	101,814
Disposals	-	-	(11,248)	-	(11,248)
At 31 May 2000	<u>-</u>	<u>108,283</u>	<u>15,633</u>	<u>12,890</u>	<u>136,806</u>
Net Book Value					
At 31 May 2000	<u>4,141,701</u>	<u>275,737</u>	<u>51,173</u>	<u>46,571</u>	<u>4,515,182</u>
At 31 May 1999	3,954,990	306,515	58,414	43,477	4,363,396

Assets held under finance leases originally cost £144,502 (1999 £162,497) and have a net book value of £88,145 (1999 £127,543). Depreciation charged in the year was £28,900.

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

8	Stocks	2000	1999
		£	£
	Goods for resale	<u>14,322</u>	<u>9,202</u>
9	Debtors	2000	1999
		£	£
	Other debtors	-	37,939
	Prepayments and accrued income	<u>7,460</u>	<u>1,287</u>
		<u>7,460</u>	<u>39,226</u>
10	Creditors: Amounts Falling Due Within One Year	2000	1999
		£	£
	Other loans due within one year (Note 12)	132,500	432,500
	Bank loans and overdrafts (Note 12)	136,044	78,752
	Obligations under hire purchase and finance lease contracts (Note 13)	41,739	53,706
	Trade creditors	43,770	166,461
	Amounts owed to group undertakings	3,516,031	2,091,199
	Other taxes and social security	11,685	8,036
	Other creditors	572	46
	Accruals and deferred income	247,564	491,193
		<u>4,129,905</u>	<u>3,321,893</u>

The bank loans and overdrafts are secured by a Mortgage Debenture dated 27th March 1997 giving a specific charge over all properties owned or leased by the company together with a specific charge over debtors and a fixed and floating charge over all other assets.

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

There is also an unlimited multilateral guarantee and debenture dated 24th November 1998 given by the company, Altonwood Limited, Mitcham Leisure Limited, Altonwood Services Limited, Street Court Leisure Limited, Westerham Golf Club Limited and Zinckirk Properties Limited.

11	Creditors: Amounts Falling Due After One Year	2000	1999
		£	£
	Loans (Note 12)	260,000	392,500
	Bank loans and overdrafts (Note 12)	1,365,417	1,515,000
	Obligations under hire purchase and finance lease contracts (Note 13)	-	44,586
		<u>1,625,417</u>	<u>1,952,086</u>

See Note 10 for security details.

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

12	Loans	2000	1999
		£	£
	Amounts included in creditors and payable in more than five years by instalments:		
	Loans repayable by instalments	861,919	1,186,149
	Amounts repayable:		
	In one year or less, or on demand	268,544	511,252
	Between one and two years	172,465	255,338
	Between two and five years	591,033	466,013
		1,032,042	1,232,603
	In five years or more	861,919	1,186,149
		1,893,961	2,418,752
13	Obligations Under Hire Purchase and Finance Leases	2000	1999
		£	£
	Obligations under finance leases and hire purchase contracts are analysed:		
	Current obligations	41,739	53,706
	Obligations due between one and five years	-	44,586
		41,739	98,292
14	Share Capital	2000	1999
		£	£
	Authorised		
	Equity Shares		
	760 "A" Ordinary shares of £1.00 each	760	760
	240 "B" Ordinary shares of £1.00 each	240	240
		1,000	1000
	Allotted		
	Equity Shares		
	760 Allotted called up and fully paid "A" ordinary shares of £1.00 each	760	760
	240 Allotted, called up and fully paid "B" ordinary shares of £1.00 each	240	240
		1,000	1,000

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

15 Reconciliation of Shareholders' Funds	2000	1999
	£	£
Profit/Loss for the financial year	(205,812)	(583,121)
Increase/Decrease in shareholders' funds	(205,812)	(583,121)
Opening shareholders' funds	(852,129)	(269,008)
Closing shareholders' funds	(1,057,941)	(852,129)

16 Capital Commitments

The company had the following capital commitments:	2000	1999
	£	£
Authorised but not yet contracted for	-	80,000

There were no capital commitments for which the company had contracted (1999 £Nil).

17 Pension Scheme

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

The total contributions paid in the year amounted to £3,766 (1999 £Nil).

18 Related Parties

In the directors' opinion the company's parent company and controlling party is Altonwood Limited a company incorporated in England. The company's ultimate holding company and ultimate controlling party is Altonwood Holdings Limited a company incorporated in England. The directors of Altonwood have confirmed that they will continue to make available adequate facilities to support the company. Altonwood Limited have made available further loan facilities during the year totalling £1,268,552 (1999 £622,907) and have charged £ 156,280 (1999 £75,000) in respect of interest; the total amount owed to Altonwood Limited at the year end was £3,516,031 (1999 £2,091,199).

At the 31 May the company owed £392,500 (1999 £825,000) to Findtree Limited, a company of which Mr P M Schlesinger, is a director. His wife, Mrs L C Schlesinger, is a "special director" of Happy Valley Golf Club Limited pursuant to its Articles of Association.

The company has an agreement with Mr & Mrs F Davison (trading as Davison Builders) for building work on a commercial basis at the company's freehold property. Mrs Davison is the sister of Mr R G Noades. The building work totalled £26,205 (1999 £115,090).

The company has purchased goods and services during the year totalling £14,623 (1999 £9,529) from Altonwood Services Limited a fellow subsidiary.

The company has purchased goods and services during the year totalling £96,240 (1999 £213,290) from Westerham Golf Club Limited a fellow subsidiary.

HAPPY VALLEY GOLF CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

19 Contingent Liabilities

The company has given guarantees to its bankers in respect of other group companies which amounted to £1,888,008 at 31 May 2000 (1999 £2,633,530).

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

	2000 £	1999 £
Operating profit / loss	74,087	(357,953)
Depreciation charges	101,814	42,274
Loss on sale of fixed assets	748	1,946
Increase in stocks	(5,120)	(9,202)
Decrease in debtors	31,766	4,313
Increase in other creditors	1,062,687	1,050,875
	<u>1,265,982</u>	<u>732,253</u>

21 Gross Cash Flows

	2000 £	1999 £
Returns on Investments and Servicing Finance		
Interest paid	(271,250)	(212,024)
Interest element of finance lease rental payments	(8,649)	(13,144)
Net cash outflow for returns on investments and servicing of finance	<u>(279,899)</u>	<u>(225,168)</u>
Capital Expenditure and Financial Investment		
Payments to acquire tangible fixed assets	(260,347)	(847,989)
Proceeds from the sale of fixed assets	5,999	1
Net cash outflow from investing activities	<u>(254,348)</u>	<u>(847,988)</u>
Financing		
Decrease in other bank loans due within 1 year	(300,000)	107,500
Increase in bank loans due within 1 year	131,278	-
Decrease in other loans due after more than 1 year	(132,500)	-
Decrease in bank loans due after more than 1 year	(149,583)	509,660
Capital element of finance lease rental payments	(56,533)	19,699
Net cash inflow for financing	<u>(511,438)</u>	<u>204,359</u>

HAPPY VALLEY GOLF CLUB LIMITED
MANAGEMENT PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2000

22 Analysis of Changes in Net Debt

	1999	Cash flows	2000
	£	£	£
Cash at bank and in hand	10,026	150,391	160,417
Overdrafts	(78,752)	71,946	(6,806)
	<u>(68,726)</u>	<u>222,337</u>	<u>153,611</u>
Debt due within 1 year	(432,500)	170,762	(261,738)
Debt due after 1 year	(1,907,500)	282,083	(1,625,417)
Finance leases	(98,292)	56,553	(41,739)
	<u>(2,438,292)</u>	<u>509,398</u>	<u>(1,928,894)</u>
	<u>(2,507,018)</u>	<u>731,735</u>	<u>(1,775,283)</u>