

**Report of the Directors and  
Consolidated Financial Statements for the Year Ended 30 June 2010  
for  
Bennelong Golf Limited**

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for the Year Ended 30 June 2010**

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# **Bennelong Golf Limited**

## **Company Information for the Year Ended 30 June 2010**

**DIRECTORS:**

J Chapman  
C Cunningham  
S Lewis

**SECRETARY:**

G Hicks

**REGISTERED OFFICE:**

The Old Farm House  
Wood Lane  
Binfield  
Bracknell  
Berkshire  
RG42 4EX

**REGISTERED NUMBER:**

04594353 (England and Wales)

**AUDITORS:**

Deloitte LLP  
Chartered Accountants  
and Statutory Auditors  
Reading  
United Kingdom

**Report of the Directors  
for the Year Ended 30 June 2010**

The directors present their report on the affairs of the company and the group, together with the accounts and independent auditors' report for the year ended 30 June 2010

**GOING CONCERN**

The directors have reviewed the group's forecasts and projections and taken account of reasonably possible changes in trading performance. In addition, they have an assurance from the parent company, Bennelong Golf Holdings Pty Limited, that the group will receive adequate financial support as necessary for at least 12 months following the signing of the accounts.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors, having assessed the responses of the directors of the company's parent, Bennelong Golf Holdings Pty Ltd, to their enquires, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements.

**PRINCIPAL ACTIVITY**

The principal activity of the group continues to be the ownership and management of golf courses under the umbrella of the Crown Golf brand. Crown Golf is the largest owner and operator of golf courses in the UK, with the group's management operating 28 properties (2009: 33).

**REVIEW OF BUSINESS**

Crown Golf is Europe's largest golf club owner and operator. We have an outstanding portfolio of clubs in our estate providing some of the best golf in the country. Crown Golf is committed to upholding the great traditions of golf whilst striving to provide an innovative experience for our members and visitors. We set out to help shape the future of golf in the UK.

The year ended 30 June 2010 has been one of positive change, with an emphasis on property activity alongside our ongoing focus on core trading. Trading has continued to show robustness and consistency, notwithstanding a currently challenging marketplace for the leisure industry as a whole, and we have seen an industry-leading performance of the redeveloped St Mellion International Resort, which includes a new 80 bedroom hotel.

This year we have achieved several milestones on our strategic plan that have strengthened the financial standing of the business. Firstly, we sold two properties that no longer formed part of our continuing core estate, The Vale in Worcestershire, and The Chase in Staffordshire, and shortly after the year end, we sold Cotgrave Place Golf Club in Nottinghamshire. This has enabled us to become centred on Southern England, with a benefit to management focus. Secondly we have reduced our operational gearing by surrendering onerous leases on favourable terms at two properties, and renegotiating rentals at a third. Thirdly, in April 2010 we opened a new nine-hole facility, The 9 of Herts, in Rickmansworth, and this property has exceeded expectations.

The core estate performed satisfactorily during the year and earnings stability is demonstrated once again with total membership levels slightly ahead of last year by 1 %, when compared on a like for like basis. We achieved an increase of 9% in health & fitness memberships whilst our golf memberships remained in line with the previous year. The number of rounds played at our courses decreased by 2.5% to 1.21m, with our golf members' rounds increasing by a 1% over the previous year.

We have continued to invest in our estate, with £3m being spent on enhancing the existing asset base. This includes ongoing investment in new Greenkeeping machinery, plant and equipment and the redevelopment of St Mellion.

**Report of the Directors  
for the Year Ended 30 June 2010**

**Principal risks**

Golf-related income is a discretionary spend and the directors are aware that the business may have some exposure to the current economic climate and its impact on consumer spending. Aside from the personal relationships that golf membership fosters, which engender loyalty and commitment to golf, we continue to be in a good position to mitigate this risk as the business operates through a number of geographic regions, predominantly in the south and south east of England, has diversified income streams and places emphasis on securing new business. Our twelve successful Crown Golf Academies encourage new golfers into our clubs and promote golf at grass roots level, focusing on families, children's and ladies' golf. We also place a strong emphasis on retaining existing members.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2010 (2009: £nil)

**FUTURE DEVELOPMENTS**

As mentioned in note 22, the next twelve months will see a further level of activity on our strategic plan, and this commenced in September 2010 with the marketing of eight clubs which no longer form part of our core business. These disposals offer us the opportunity to enhance shareholder value and further deleverage where appropriate.

**DIRECTORS**

The directors who served the company during and subsequent to year end are shown on page 1.

A Watkins resigned as a director on 30 June 2010.

C Cunningham was appointed as director on 30 June 2010.

**DISABLED EMPLOYEES**

The group gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the company, every endeavour is made to protect that person's position. Disabled persons have the same opportunities for training and career development as other employees with similar skills and abilities.

**EMPLOYEE CONSULTATION**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the group and company. This is achieved through regular contact by management with employees both over electronic communication and formal and informal communications within the individual clubs.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

**Report of the Directors  
for the Year Ended 30 June 2010**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

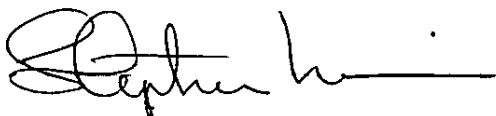
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD ON:**



S Lewis - Director

Date

22/12/10

## **Report of the Independent Auditors to the Members of Bennelong Golf Limited**

We have audited the group and parent financial statements of Bennelong Golf Limited for the year ended 30 June 2010 which comprise the consolidated Profit and Loss Account, the consolidated and company Balance Sheets, the consolidated Cash Flow Statement, the consolidated Historical Cost Profit and Loss account, the consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages three and four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



John Clemmett (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants  
and Statutory Auditors  
Reading  
United Kingdom

Date 22/12/2010

**Bennelong Golf Limited (Registered number: 04594353)**

**Consolidated Profit and Loss Account  
for the Year Ended 30 June 2010**

	Notes	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	42,980	44,076
Cost of sales		<u>6,904</u>	<u>7,199</u>
<b>GROSS PROFIT</b>		36,076	36,877
Administrative expenses		35,969	38,251
Impairment of intangible fixed assets – exceptional item		210	4,740
Impairment of tangible fixed assets – exceptional item		<u>-</u>	<u>2,000</u>
		<u>36,179</u>	<u>44,991</u>
<b>OPERATING LOSS</b>	4	(103)	(8,114)
Profit/loss on sale of tangible fixed assets		<u>(22)</u>	<u>115</u>
		(125)	(7,999)
Interest receivable and similar income		<u>18</u>	<u>199</u>
		(107)	(7,800)
Interest payable and similar charges	5	<u>2,213</u>	<u>2,975</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,320)	(10,775)
Tax on loss on ordinary activities	6	<u>367</u>	<u>28</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(2,687)</u>	<u>(10,803)</u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements



**Consolidated Statement of Total Recognised Gains and Losses  
for the Year Ended 30 June 2010**

	2010 £'000	2009 £'000
<b>LOSS FOR THE FINANCIAL YEAR</b>	(2,687)	(10,803)
Unrealised surplus on revaluation of properties	<u>10</u>	<u>-</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>(2,677)</u>	<u>(10,803)</u>

**Note of Historical Cost Profits and Losses  
for the Year Ended 30 June 2010**

	2010 £'000	2009 £'000
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(2,320)	(10,775)
Difference between the historical cost depreciation charge and the actual depreciation for the year	<u>47</u>	<u>47</u>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>(2,273)</u>	<u>(10,728)</u>
<b>HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION</b>	<u>(2,640)</u>	<u>(10,756)</u>

The notes form part of these financial statements

**Bennelong Golf Limited (Registered number: 04594353)**


**Consolidated Balance Sheet**  
**30 June 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	8		87,931		91,942
Investments	9		-		-
			87,931		91,942
<b>CURRENT ASSETS</b>					
Stocks	10	1,754		1,932	
Debtors	11	6,088		9,363	
Cash at bank and in hand		2,981		1,383	
		10,823		12,678	
<b>CREDITORS</b>					
Amounts falling due within one year	12	16,626		19,172	
<b>NET CURRENT LIABILITIES</b>			(5,803)		(6,494)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			82,128		85,448
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(100,285)		(101,170)
<b>PROVISIONS FOR LIABILITIES</b>	16		(367)		-
<b>NET LIABILITIES</b>			(18,524)		(15,722)
<b>RESERVES</b>					
Share capital			-		-
Revaluation reserve	17		10,014		10,181
Profit and loss account	17		(28,538)		(25,903)
	23		(18,524)		(15,722)

The financial statements were approved by the Board of Directors on its behalf by

22/12/10

and were signed on



S Lewis - Director

The notes form part of these financial statements

**Bennelong Golf Limited (Registered number: 04594353)**

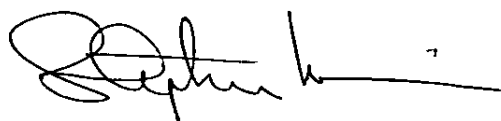
**Company Balance Sheet  
30 June 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	8		1		1
Investments	9		<u>3,894</u>		<u>3,894</u>
			3,895		3,895
<b>CURRENT ASSETS</b>					
Debtors amounts falling due within one year	11	631		2,792	
Debtors amounts falling due after more than one year	11	71,110		70,052	
Cash at bank		<u>1,409</u>		<u>24</u>	
		73,150		72,868	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>1,297</u>		<u>1,627</u>	
<b>NET CURRENT ASSETS</b>			<u>71,853</u>		<u>71,241</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			75,748		75,136
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>77,496</u>		<u>77,231</u>
<b>NET LIABILITIES</b>			<u>(1,748)</u>		<u>(2,095)</u>
<b>RESERVES</b>					
Share capital			-		-
Profit and loss account	17		<u>(1,748)</u>		<u>(2,095)</u>
	23		<u>(1,748)</u>		<u>(2,095)</u>

The financial statements were approved by the Board of Directors on its behalf by

22/12/10

and were signed on



S Lewis - Director

The notes form part of these financial statements

**Bennelong Golf Limited (Registered number: 04594353)**

**Consolidated Cash Flow Statement  
for the Year Ended 30 June 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>	1		4,977		(775)
<b>Returns on investments and servicing of finance</b>	2		(2,195)		(2,771)
<b>Taxation</b>			93		235
<b>Capital expenditure</b>	2		<u>1,915</u>		<u>(17,035)</u>
			4,790		(20,346)
<b>Financing</b>	2		<u>(3,095)</u>		<u>19,383</u>
<b>Increase/(Decrease) in cash in the period</b>			<u>1,695</u>		<u>(963)</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase/(Decrease) in cash in the period		1,695		(963)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>2,994</u>		<u>(19,383)</u>	
Change in net debt resulting from cash flows			4,689		(20,346)
Write-back of members' loans			105		149
Finance leases taken out in year			<u>(1,153)</u>		<u>(284)</u>
<b>Movement in net debt in the period</b>			3,641		(20,481)
<b>Net debt at 1 July</b>			<u>(102,171)</u>		<u>(97,728)</u>
<b>Net debt at 30 June</b>			<u>(98,530)</u>		<u>(118,209)</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2010**

**1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM  
OPERATING ACTIVITIES**

	2010 £'000	2009 £'000
Operating loss	(491)	(8,114)
Depreciation charges	3,385	3,072
Write-back of members' loans	(105)	(149)
Impairment of tangible fixed assets	210	2,000
Impairment of intangible fixed assets	-	4,740
Decrease/(Increase) in stocks	178	(102)
Decrease/(Increase) in debtors	3,204	(412)
Decrease in creditors	<u>(1,404)</u>	<u>(1,810)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>4,977</u></b>	<b><u>(775)</u></b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2010 £'000	2009 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	18	199
Interest paid	(2,084)	(2,772)
Interest element of hire purchase and finance lease rental payments	<u>(129)</u>	<u>(198)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(2,195)</u></b>	<b><u>(2,771)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,511)	(17,035)
Sale of tangible fixed assets	<u>3,426</u>	<u>-</u>
<b>Net cash inflow/(outflow) for capital expenditure</b>	<b><u>1,915</u></b>	<b><u>(17,035)</u></b>
<b>Financing</b>		
Decrease in loans	(2,321)	(980)
Capital element finance lease payments	(1,520)	(1,201)
Increase in amount owed to parent	<u>746</u>	<u>21,564</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(3,095)</u></b>	<b><u>19,383</u></b>

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2010**

**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 7 09 £'000	Cash flow £'000	Non cash changes £'000	At 30 6 10 £'000
Net cash				
Cash at bank and in hand	1,383	1,598	-	2,981
Bank overdraft	<u>(146)</u>	<u>97</u>	<u>-</u>	<u>(49)</u>
	<u>1,237</u>	<u>1,695</u>	<u>-</u>	<u>2,932</u>
Debt				
Hire purchase and finance leases	(2,172)	1,520	(1,153)	(1,805)
Debts falling due within one year	(944)	850	-	(94)
Debts falling due after one year	<u>(100,292)</u>	<u>624</u>	<u>105</u>	<u>(99,563)</u>
	<u>(103,408)</u>	<u>2,994</u>	<u>(1,048)</u>	<u>(101,462)</u>
Total	<u>(102,171)</u>	<u>4,689</u>	<u>(1,048)</u>	<u>(98,530)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the Year Ended 30 June 2010**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The principal accounting policies are summarised below. They have been applied consistently throughout the current or preceding year.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable United Kingdom accounting standards.

**Going concern basis of preparation**

The directors have reviewed the group's forecasts and projections and taken account of reasonably possible changes in trading performance. In addition, they have an assurance from the parent company, Bennelong Golf Holdings Pty Limited, that the group will receive adequate financial support as necessary for at least 12 months following the signing of the accounts.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Basis of consolidation**

The group accounts consolidate the accounts of Bennelong Golf Limited and its subsidiary undertakings made up to 30 June 2010. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's accounts, investments in subsidiary undertakings which are directly or indirectly controlled by the company and give rise to benefits for the company that are in substance no different from those that would arise were the entity a subsidiary undertaking, are accounted for as quasi subsidiaries. Accordingly, the assets, liabilities, profits, losses and cash flows of such entities are consolidated into the group accounts in the same way as if they were those of a subsidiary undertaking.

**Turnover**

Group turnover is derived from the provision of golf and ancillary facilities in the United Kingdom and represents membership entrance fees and subscription income receivable in respect of the year together with sales of leisure and catering services at invoice value excluding value added tax. Membership fees are time apportioned over the period that they apply.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**1 ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of each asset, less estimated residual value, on a straight-line basis over its expected useful life as follows:

Freehold buildings	- 2% straight line
Leasehold buildings	- over the length of the lease
Equipment, Fixtures & fittings	- 10% to 15% straight line
Motor vehicles	- 25% straight line
IT equipment	- 25% straight line

Freehold land and assets under construction are not depreciated.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Goodwill**

Goodwill is shown at cost less accumulated amortisation and any provision for impairment. Purchased goodwill is amortised through the profit and loss account over the shorter of its useful economic life and 30 years.

**Stocks**

Stocks consist of finished goods and goods held for resale, and are stated at the lower of cost and net realisable value. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to disposal. Provision is made for slow moving or defective items where appropriate.

**Taxation and deferred tax**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The taxation liabilities of group companies are reduced wholly or in part by the surrender of losses by other group companies.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. Deferred tax is recognised on a non-discounted basis.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**1 ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

The group enters into operating and finance leases

Assets held under finance leases are initially recorded at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the period of the lease to produce a constant rate of charge on the outstanding balance. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful economic lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**Revaluation of properties**

Individual freehold properties are subject to a full valuation by a qualified, external valuer every 5 years and an interim valuation in year 3. Further valuations are carried out where it is likely there has been a material change in value. The surplus or deficit on book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any relating balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

**Related party transactions**

Under the provisions of Financial Reporting Standard No 8, the company is not required to disclose details of certain related party transactions as the consolidated financial statements of the parent company in which the company's results are included are available to the public.

**Derivative financial instruments**

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they relate.

**2 TURNOVER**

The turnover and profit on ordinary activities before taxation of the company and the group is wholly attributable to the principal activity, which is conducted entirely in the United Kingdom.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**3 STAFF COSTS**

	2010 £'000	2009 £'000
Wages and salaries	15,577	16,482
Social security costs	1,283	1,386
Other pension costs	<u>91</u>	<u>100</u>
	<u>16,951</u>	<u>17,968</u>

The average monthly number of employees during the year was as follows

	2010	2009
Administration	97	106
Service	<u>788</u>	<u>921</u>
	<u>885</u>	<u>1,027</u>

The group makes contributions to third party stakeholder pension schemes on behalf of certain employees. The liability as at the year end was £13,761 (2009: £13,100).

**Directors' emoluments:**

The directors received emoluments during the year as shown below:

	2010 £'000	2009 £'000
Emoluments (including benefits)	408	419
Pension costs	<u>-</u>	<u>10</u>
	408	429
Highest paid director	<u>408</u>	<u>259</u>

Emoluments for non-UK directors have been paid during the year by parent undertakings. The amount allocated to the company for their services to the UK group was £nil in both years and no recharge was made for their services in either year.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**4 OPERATING LOSS**

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets		
-owned	2,485	2,145
-held under finance leases and hire purchase agreements	900	927
Auditors' remuneration - audit fees	107	92
Impairment of fixed assets	210	2,000
Impairment of intangible fixed assets	-	4,740
Gain on disposal of fixed assets	(199)	(115)
Operating lease rentals		
-plant & machinery	489	624
-other	4,546	4,816
Members deposits contractually no longer refundable	(105)	(149)

Amounts not included above, payable to Deloitte LLP during the year by the company and its subsidiary undertakings in respect of non-audit services (tax compliance) were £56,000 (2009 £59,000)

The exceptional items in the year amounted to £210,000 (2009 £2,000,000) in respect of the impairment of certain leasehold property and £nil (2009 £4,740,000) relating to the impairment of goodwill

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	£'000 2010	£'000 2009
On bank loans	2,084	2,777
On finance leases and hire purchase contracts	129	198
	<u>2,213</u>	<u>2,975</u>

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows

	2010 £'000	2009 £'000
Current tax		
UK corporation tax	-	(458)
Deferred tax	367	486
Tax on loss on ordinary activities	<u>367</u>	<u>28</u>

**Bennelong Golf Limited (Registered number: 04594353)****Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010****6 TAXATION - continued****Factors affecting the tax charge**

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

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	<u>(2,320)</u>	<u>(10,775)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(650)	(3,017)
Effects of		
Expenses not deductible for tax purposes	341	1,359
Capital allowances less than depreciation	280	791
Utilisation of tax losses	-	(9)
Effect of impairment not allowable for tax	59	560
Group relief for which no consideration received	7	181
Non-taxable profit on asset disposals	28	-
Tax losses carried forward	-	140
Interest on non-trading loan relationships	-	(4)
Net deductible loss on asset disposal	(6)	-
Other short term timing differences	<u>(59)</u>	<u>(1)</u>
Current tax charge	<u>-</u>	<u>-</u>

**7 PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £347,000 (2009 - £(76,000) loss)

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**8 TANGIBLE FIXED ASSETS**

	Free- hold Land & Buildin gs	Lease- hold Land & Buildi ngs	Equip- ment, Fixtures & Fittings	I.T. Equip- ment	Motor Veh- icles	Assets Under Constr- ion	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>							
At 1 July 2009	67,091	34,618	17,783	1,926	22	299	121,739
Additions	712	126	1,759	50	-	16	2,663
Disposals	(3,310)	(409)	(2,413)	(83)	(8)	-	(6,223)
Revaluations	-	400	-	-	-	-	400
At 30 June 2010	<u>64,493</u>	<u>34,735</u>	<u>17,129</u>	<u>1,893</u>	<u>14</u>	<u>315</u>	<u>118,579</u>
<b>DEPRECIATION</b>							
At 1 July 2009	4,906	15,343	8,213	1,314	22	-	29,798
Charge for the year	735	469	1,820	344	-	17	3,385
Eliminated on disposal	(1,008)	(732)	(1,343)	(74)	(8)	30	(3,135)
Impairments	300	300	-	-	-	-	600
At 30 June 2010	<u>4,933</u>	<u>15,380</u>	<u>8,690</u>	<u>1,584</u>	<u>14</u>	<u>47</u>	<u>30,648</u>
<b>NET BOOK VALUE</b>							
At 30 June 2009	<u>62,185</u>	<u>19,275</u>	<u>9,570</u>	<u>612</u>	<u>-</u>	<u>299</u>	<u>91,942</u>
At 30 June 2010	<u>59,560</u>	<u>19,355</u>	<u>8,439</u>	<u>309</u>	<u>-</u>	<u>268</u>	<u>87,931</u>

Included within equipment, fixtures and fittings above are certain leased assets with a net book value of £3,596,000 (2009 £3,342,000) The depreciation for the year relating to leased assets was £900,000 (2009 £927,000)

Freehold and leasehold land and buildings were professionally valued by Strutt & Parker, Chartered Surveyors, on an existing use basis at 13 September 2007 The valuation was incorporated into the accounts on 30 June 2007 The properties have been valued as fully-equipped operational entities having regard to their trading potential

Land and buildings have been revalued in the year following an assessment of the valuation performed by the directors The book value of these properties on the historical cost basis at 30 June 2010 is £68,900,000 (2009 £71,259,000)

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**8 TANGIBLE FIXED ASSETS - continued**

**Company**

	Plant and machinery £'000	Computer equipment £'000	Totals £'000
<b>COST</b>			
At 1 July 2009 and 30 June 2010	<u>4</u>	<u>82</u>	<u>86</u>
<b>DEPRECIATION</b>			
At 1 July 2009 and 30 June 2010	<u>4</u>	<u>81</u>	<u>85</u>
<b>NET BOOK VALUE</b>			
At 30 June 2010	<u>-</u>	<u>1</u>	<u>1</u>
At 30 June 2009	<u>-</u>	<u>1</u>	<u>1</u>

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**9 FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 July 2009 and 30 June 2010	<u>3,894</u>
<b>NET BOOK VALUE</b>	
At 30 June 2010	<u>3,894</u>
At 30 June 2009	<u>3,894</u>

The company holds its investments at cost. The group has no investments.

The company has investments in the following subsidiary undertakings. The principal activity of all the subsidiary undertakings is the management and provision of golfing facilities and other golfing related activities.

Subsidiary undertaking	Country of incorporation and operation or principal business address	Holding	%
Batchworth Park Golf Club Limited	England and Wales	Ordinary shares	100%
Golf Partners International Limited	England and Wales	Ordinary shares	100%
Broke Hill Golf Club Limited	England and Wales	Ordinary shares	100%
London and Chancery Properties Limited	England and Wales	Ordinary shares	100%
EP Golf Limited	England and Wales	Ordinary shares	100%
South Winchester Golf Club (1993) Limited	England and Wales	Ordinary shares	100%
Chesfield Downs Golf Club Limited	England and Wales	Ordinary shares	100%
Bennelong Golf Partners Limited	England and Wales	Ordinary shares	100%

**10 STOCKS**

	<b>Group</b>	
	2010 £'000	2009 £'000
Finished goods	<u>1,754</u>	<u>1,932</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**11 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	3,639	4,642	-	-
Owed by participating interests	261	266	756	760
Other debtors	582	2,645	86	2,021
Tax	366	438	(219)	-
Deferred tax asset	-	-	8	10
Prepayments and accrued income	<u>1,240</u>	<u>1,372</u>	<u>-</u>	<u>1</u>
	<u>6,088</u>	<u>9,363</u>	<u>631</u>	<u>2,792</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>71,110</u>	<u>70,052</u>
	<u>-</u>	<u>-</u>	<u>71,110</u>	<u>70,052</u>
Aggregate amounts	<u>6,088</u>	<u>9,363</u>	<u>71,741</u>	<u>72,844</u>

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank Loans (see note 14)	143	1,090	-	146
Hire purchase contracts and finance leases (see note 15)	1,083	1,294	-	-
Trade creditors	1,199	1,214	-	1
Owed to group undertakings	-	-	502	497
Owed to companies under common control	913	946	-	372
Tax	-	-	-	35
Social security and other taxes	357	395	26	30
VAT	867	580	758	479
Other creditors	2,153	1,760	1	2
Accruals and deferred income	<u>9,911</u>	<u>11,893</u>	<u>10</u>	<u>65</u>
	<u>16,626</u>	<u>19,172</u>	<u>1,297</u>	<u>1,627</u>



**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans (see note 14)	29,376	30,750	28,578	30,750
Hire purchase contracts and finance leases (see note 15)	722	878	-	-
Owed to parent company	64,168	63,422	48,918	46,481
Member loans	<u>6,019</u>	<u>6,120</u>	<u>-</u>	<u>-</u>
	<u>100,285</u>	<u>101,170</u>	<u>77,496</u>	<u>77,231</u>

**Amounts owed to the group undertaking**

The amounts owed to the group undertaking are unsecured, are not repayable within one year, have no fixed repayment date and are not interest bearing

**Other creditors**

These are members' loans totalling £6,019,000 (2009 £6,120,000) and have been made by golf club members to the group. These loans are unsecured, non interest bearing and are only repayable in two instances

(i) If the member leaves when the club's membership is full and is replaced by a new member who makes a loan to replace the retiring member's loan

(ii) In the event of a dissolution or winding up of the relevant subsidiary at which time any property remaining after the discharge of the debts and liabilities of the quasi subsidiary shall be applied to repay, equally, these loans and the advances as discussed in note 19

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**14 LOANS**

An analysis of the maturity of loans is given below

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand				
Bank overdrafts	49	146	-	146
Bank loans	<u>94</u>	<u>944</u>	<u>-</u>	<u>-</u>
	<u>143</u>	<u>1,090</u>	<u>-</u>	<u>146</u>
Amounts falling due between one and two years				
Bank loans due between one and two years	<u>28,578</u>	<u>30,750</u>	<u>28,578</u>	<u>30,750</u>
Amounts falling due between two and five years				
Bank loans due between two and five years	375	-	-	-
Bank loans due in greater than five years	<u>423</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>798</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group's bankers, Royal Bank of Scotland, have first legal charge over all of the freehold and leasehold properties that are held by the group

The bank loan for £944,000, held in MWGC Leisure Limited, that was previously classified as a current liability as it was repayable in August 2009 has subsequently been renegotiated with Lloyds Bank and has been refinanced over a 10 year period

**15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

<b>Group</b>	<b>Hire purchase contracts</b>		<b>Finance leases</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Net obligations repayable				
Within one year	1,083	1,248	-	46
Between one and five years	<u>722</u>	<u>860</u>	<u>-</u>	<u>18</u>
	<u>1,805</u>	<u>2,108</u>	<u>-</u>	<u>64</u>

Finance leases are secured on the assets to which they relate. These obligations are net of finance charges to be incurred in future years

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**16 PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	2010	2009
	£'000	£'000
Deferred tax	<u>367</u>	<u>-</u>
<b>Group</b>		
		Deferred tax
		£'000
Deferred tax		<u>367</u>
Balance at 30 June 2010		<u>367</u>
<b>Company</b>		
		Deferred tax
		£'000
Balance at 1 July 2009		(10)
P&L movement		<u>2</u>
Balance at 30 June 2010		<u>(8)</u>

**17 RESERVES**

<b>Group</b>			
	Profit and loss account	Revaluation reserve	Totals
	£'000	£'000	£'000
At 1 July 2009	(25,923)	10,201	(15,722)
Deficit for the year	(2,687)		(2,687)
Revaluation surplus	-	10	10
Transfer of depreciation on revaluation surplus	115	(115)	-
Transfer on disposals	<u>(43)</u>	<u>(82)</u>	<u>(125)</u>
At 30 June 2010	<u>(28,538)</u>	<u>10,014</u>	<u>(18,524)</u>
<b>Company</b>			
			Profit and loss account
			£'000
At 1 July 2009			(2,095)
Profit for the year			<u>347</u>
At 30 June 2010			<u>(1,748)</u>

**Bennelong Golf Limited (Registered number: 04594353)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**18 ULTIMATE PARENT COMPANY**

At the balance sheet date, the largest and smallest group of which the company is a member for which consolidated accounts are prepared is Bennelong Golf Holdings Pty Limited, a company incorporated in Australia. These accounts are available from Bennelong House, Level 2, 9 Queen Street, Melbourne, Vic 3000. This company is also the ultimate parent company and controlling party.

**19 CONTINGENT LIABILITIES**

Certain members were granted membership following the demise of members' clubs previously operating at certain of the golf courses now managed by the group. In the event of a dissolution or winding up of the company or the group, any property remaining after discharge of the debts and liabilities of the company or quasi subsidiary shall be used to pay back member loans to these members or their replacements. The directors estimate a maximum of approximately £2,975,000 (2009 £2,975,000) being the total of advances paid by these members to the demised clubs now managed by the group, together with the members' loan repayments referred to in note 13.

Except in the event of a dissolution or winding up, the directors do not believe that the company or quasi subsidiaries have any liability to these members in respect of the advances made to the demised clubs. Accordingly, no provision has been made in these accounts for such advances.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**20 OTHER FINANCIAL COMMITMENTS**

The group has also entered into operating leases or licences with other unconnected parties for the lease or operating licence of the following clubs the Bristol Golf Club, Mill Green Golf Club, Addington Court Golf Club, South Essex Golf Club, Cottesmore Golf Club, Hertfordshire Golf Club, Oak Park Golf Club, Sherfield Oaks Golf Club, Blue Mountain Golf Club, Sunbury Golf Club, Hampton Court Palace Golf Club, Ecclestone Park Golf Club, Chesfield Downs Golf Club and Wickham Park Golf Club

	<b>Group</b>		<b>Company</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
<b>2010</b>				
Expiring within one year	-	350	-	4
Expiring within two and five years inclusive	318	149	-	-
Expiring in over five years	<u>2,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,246</u>	<u>499</u>	<u>-</u>	<u>4</u>
<b>2009</b>				
Expiring within one year	-	229	-	10
Expiring within two and five years inclusive	-	216	-	120
Expiring in over five years	<u>4,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,410</u>	<u>445</u>	<u>-</u>	<u>130</u>

**Bennelong Golf Limited (Registered number: 04594353)****Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010****21 RELATED PARTY DISCLOSURES**

During the year, the group's related party transactions were as follows

<b>Related Party</b>	<b>Cash Transfer £'000</b>	<b>Management Charge £'000</b>	<b>Overheads £'000</b>	<b>Total £'000</b>
Bennelong UK Ltd			(13)	(13)
Bennelong Golf Investments Ltd	(1,937)	241	1,769	73
Bennelong Golf Investments Subsidiary Ltd		(221)	15	(206)
St Mellion Property Management Ltd	(151)		143	(8)
<b>Total</b>	<b>(2,088)</b>	<b>20</b>	<b>1,914</b>	<b>(154)</b>

The amounts owing from/(to) companies under common control at the balance sheet date were

<b>Related Party</b>	<b>£'000</b>
Bennelong UK Ltd	27
Bennelong Golf Investments Ltd	(913)
Bennelong Golf Investments Subsidiary Ltd	233
St Mellion Property Management Ltd	1
	<u>(652)</u>

**22 POST BALANCE SHEET EVENTS**

Post year end 8 clubs that no longer form part of the core business have been placed on the market. This will offer the opportunity to enhance shareholder value and further deleverage where appropriate.

**23 RECONCILIATION OF MOVEMENTS IN RESERVES**

<b>Group</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Loss for the financial year	(2,687)	(10,803)
Other recognised gains and losses relating to the year (net)	(115)	-
<b>Net reduction of reserves</b>	<b>(2,802)</b>	<b>(10,803)</b>
Opening reserves	(15,722)	(4,919)
<b>Closing reserves</b>	<b>(18,524)</b>	<b>(15,722)</b>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2010**

**23 RECONCILIATION OF MOVEMENTS IN RESERVES - continued**

<b>Company</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Profit/(Loss) for the financial year	<u>347</u>	<u>(76)</u>
<b>Net addition/(reduction) to reserves</b>	347	(76)
Opening reserves	<u>(2,095)</u>	<u>(2,019)</u>
<b>Closing reserves</b>	<u>(1,748)</u>	<u>(2,095)</u>

**24 DERIVATIVES NOT INCLUDED AT FAIR VALUE**

The group has derivatives which are not included at fair value in the accounts

	<b>Principal</b>		<b>Fair value</b>	
	<b>2010 £'000</b>	<b>2009 £'000</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Interest rate swap contracts	<u>28,828</u>	<u>31,000</u>	<u>(2,685)</u>	<u>(1,969)</u>

The group uses the derivatives to hedge interest rate movements on its bank borrowings. The fair values are based on market values of equivalent instruments at the balance sheet date. Fair value was determined by obtaining market to market confirmation from the company's bankers. The instruments are a swap from variable interest payments into fixed interest payments.

The principal is comprised of two interest rate swaps

<b>Start Date</b>	<b>End Date</b>	<b>Principal £'000</b>
30 September 2008	31 December 2011	25,000
30 September 2008	31 December 2011	<u>3,828</u>
		28,828
31 December 2011	31 December 2012	<u>28,828</u>