

Company registration number: 04594353

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

30 JUNE 2018

**CROWN GOLF GROUP
LIMITED**



MENZIES
BRIGHTER THINKING

CROWN GOLF GROUP LIMITED

COMPANY INFORMATION

Directors	S Sugden S Towers J Chapman G Toomey
Registered number	04594353
Registered office	Pine Ridge Golf Club Old Bisley Road Frimley Camberley Surrey GU16 9NX
Independent auditors	Menzies LLP Victoria House 50-58 Victoria Road Farnborough Hampshire GU14 7PG

CROWN GOLF GROUP LIMITED

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CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their strategic report on the group and company for the year ended 30 June 2018.

Business review

Crown Golf Group Limited is the parent company of the Crown Golf group. Crown Golf is one of Europe's largest golf club owners and operators. The Directors believe the group has an outstanding portfolio of clubs in its 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 and welcoming experience for our members and visitors.

2018 saw the group continue to work hard to provide its customers with the best experience at our clubs whilst striving to improve shareholder value.

Following the successful promotional activity of property in Crown Golf, the group completed two notable property transactions in the year, with overall final proceeds of £18m and profit of £15.0m. These transactions related to the sale of the freehold of Eccleston Park Golf Club and a parcel of land at Milford Golf Club. A proportion of the proceeds from these transactions were used to reduce the loans outstanding with the parent company and RBS, significantly strengthening the balance sheet position.

The company's profit for the year, taken to reserves, was nil (2017: nil).

The group's profit for the financial year, taken to reserves was £14,485k (2017: £335k).

Principal risks and uncertainties

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 the 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 eleven successful Crown Golf Academies encourage new golfers into our clubs and promote golf at grass roots level, focussing on families, children's and ladies' golf. We also place a strong emphasis on retaining existing members.

The Directors of the company manage the risks at a group level, rather than an individual business unit level. For this reason, the company's Directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of the business.

Financial key performance indicators

The company has a number of key performance indicators. The main focus is on membership retention, casual spend per round and gross profit:

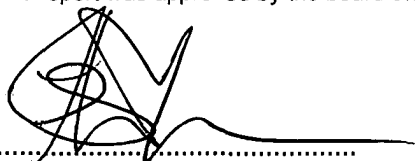
	2018	2017
Membership retention improvement (%)	4.3	5.3
Casual spend per round improvement (%)	4.1	1.9
Gross Profit (%)	84.3	83.8

These are in line with the directors expectations and continue to strengthen the future activity of the company.

CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'S Towers', written over a dotted line.

S Towers
Director

Date: 13/11/18

CROWN GOLF GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the audited financial statements of the group for the year ended 30 June 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated audited financial statements of the group in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements of the group for each financial year. Under that law the directors have elected to prepare the audited financial statements of the group in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements of the group 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 audited financial statements of the group, the directors are required to:

- *select suitable accounting policies for the group's financial statements and then apply them consistently;*
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the audited financial statements of the group on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the audited financial statements of the group 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.

Principal activity

The principal activity of the group in the year under review was that of 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 23 properties (2017: 23).

Results and dividends

The profit for the year, after taxation, amounted to £14,485k (2017 - £335k).

Directors

The directors who served during the year were:

S Sugden
S Towers
J Chapman
G Toomey

Going concern

Having considered the principal risks and uncertainties of the business, as well as the current economic environment, the directors have reasonable expectations that the group has adequate support to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments

The group continues with the goal to increase shareholder value whenever possible. The directors expect to continue to develop operational trading opportunities as well as furthering its successful property promotion activities.

CROWN GOLF GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Financial risk management

The group has exposures to liquidity risk and interest rate risk. The objective of the group in managing liquidity risk is to ensure it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. The group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate. Cash flow is carefully managed on a daily basis which assists in the management of financial risk.

Employees

The group gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the group, 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. 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. This is achieved through regular contact by management with employees both over electronic communications and formal and informal communications within the individual clubs.

Directors indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the year directors and officers liability insurance in respect of itself and its directors.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

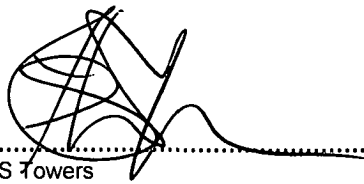
CROWN GOLF GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 13/11/18 and signed on its behalf.



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S Towers
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROWN GOLF GROUP LIMITED

Opinion

We have audited the financial statements of Crown Golf Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018, which comprise the group Statement of Income and Retained Earnings, the group and company Statements of Financial Position, the group Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's profit for the year then ended;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROWN GOLF GROUP LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROWN GOLF GROUP LIMITED (CONTINUED)

Use of our report

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 an Auditors' Report 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.



Roberto Lobue FCA (Senior Statutory Auditor)

for and on behalf of
Menzies LLP

Statutory Auditor

Victoria House
50-58 Victoria Road
Farnborough
Hampshire
GU14 7PG
Date: 14/11/18

CROWN GOLF GROUP LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £000	2017 £000
Turnover	4	28,986	30,136
Cost of sales		(4,561)	(4,880)
Gross profit		24,425	25,256
Administrative expenses		(23,936)	(24,824)
Gains on sale of property and operations	5	14,982	-
Operating profit	6	15,471	432
Interest payable and expenses	10	(416)	(668)
Profit/(loss) before tax		15,055	(236)
Tax on profit/(loss)	11	(570)	571
Profit after tax		14,485	335
Retained earnings at the beginning of the year		(33,674)	(34,009)
		(33,674)	(34,009)
Profit for the year attributable to the owners of the parent		14,485	335
Retained earnings at the end of the year		(19,189)	(33,674)

The notes on pages 14 to 28 form part of these financial statements.

CROWN GOLF GROUP LIMITED

REGISTERED NUMBER:04594353

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	12	54,848	57,030
		<u>54,848</u>	<u>57,030</u>
Current assets			
Stocks	14	893	1,127
Debtors	15	6,752	5,395
Cash at bank and in hand	16	3,184	1,722
		<u>10,829</u>	<u>8,244</u>
Creditors: amounts falling due within one year	17	(14,218)	(11,265)
Net current liabilities		<u>(3,389)</u>	<u>(3,021)</u>
Total assets less current liabilities		<u>51,459</u>	<u>54,009</u>
Creditors: amounts falling due after more than one year	18	(45,566)	(62,556)
Provisions for liabilities			
Deferred taxation	21	-	(45)
		<u>-</u>	<u>(45)</u>
Net assets/(liabilities)		<u>5,893</u>	<u>(8,592)</u>
Capital and reserves			
Called up share capital	22	21,338	21,338
Capital redemption reserve	23	3,744	3,744
Profit and loss account	23	(19,189)	(33,674)
Equity attributable to owners of the parent company		<u>5,893</u>	<u>(8,592)</u>
		<u>5,893</u>	<u>(8,592)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


S Towers
Director

Date: 13/11/18

The notes on pages 14-28 form part of these financial statements.

CROWN GOLF GROUP LIMITED

REGISTERED NUMBER:04594353

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	13	2,266	2,266
		<u>2,266</u>	<u>2,266</u>
Current assets			
Debtors	15	65,360	70,756
Cash at bank and in hand	16	100	-
		<u>65,460</u>	<u>70,756</u>
Creditors: amounts falling due within one year	17	(14,360)	(9,518)
Net current assets		<u>51,100</u>	<u>61,238</u>
Total assets less current liabilities		<u>53,366</u>	<u>63,504</u>
Creditors: amounts falling due after more than one year	18	(33,407)	(43,545)
Net assets		<u>19,959</u>	<u>19,959</u>
Capital and reserves			
Called up share capital	22	21,338	21,338
Profit and loss account	23	(1,379)	(1,379)
		<u>19,959</u>	<u>19,959</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements. The profit after tax of the company for the year was nil (2017: nil)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


S Towers
Director

Date: 13/11/18

CROWN GOLF GROUP LIMITED

REGISTERED NUMBER:04594353

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	14,485	335
Adjustments for:		
Depreciation of tangible assets	1,863	1,767
Disposal of tangible assets	(14,068)	(10)
Interest paid	416	668
Taxation charge	570	(571)
Decrease/(increase) in stocks	235	(28)
(Increase) in debtors	(1,276)	(559)
(Decrease) in creditors	(9,340)	(2,041)
(Decrease)/increase in provisions	(354)	-
Write back of members' loans	-	(447)
Net cash generated from operating activities	(7,469)	(886)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,614)	(1,109)
Sale of tangible fixed assets	16,000	14
HP interest paid	(21)	-
Net cash from investing activities	14,365	(1,092)
Cash flows from financing activities		
New secured loans	-	19,500
Repayment of loans	(6,105)	(16,005)
(Repayment of)/new finance leases	(136)	96
Interest paid	(395)	(668)
Net cash used in financing activities	(6,636)	2,923
Net increase in cash and cash equivalents	260	945
Cash and cash equivalents at beginning of year	1,618	673
Cash and cash equivalents at the end of year	1,878	1,618
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,184	1,722
Bank overdrafts	(1,306)	(104)
	1,878	1,618

CROWN GOLF GROUP LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 30 JUNE 2018

	At 1 July 2017 £000	Cash flows £000	At 30 June 2018 £000
Cash at bank and in hand	1,722	1,462	3,184
Bank overdrafts	(104)	(1,201)	(1,305)
Debt due after 1 year	(19,500)	6,048	(12,369)
Debt due within 1 year	-	-	(1,083)
Finance leases	(341)	136	(205)
	<u>(18,223)</u>	<u>6,445</u>	<u>(11,778)</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Crown Golf Group Limited is a private company limited by shares incorporated in the United Kingdom. The address of its registered office, which is the same as its principal place of business, is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 201, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group accounting policies (see note 3).

The following principal accounting policies have been applied:

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings, with exception of St Mellion Property Management Limited, made up to 30 June 2018. St Mellion Property Management Limited, a subsidiary undertaking by virtue of control, has been excluded from the consolidation as severe long-term restrictions hinder the exercise rights of the parent company over the subsidiary undertaking.

2.3 Revenue

Turnover is derived from the provision of golf and ancillary facilities and represents membership entrance fees and subscription income receivable in respect of the year. Turnover from membership fees for both golf and leisure members is initially deferred and subsequently recognised over the period that it relates.

Food, beverage and retail sales are made from the on-site restaurants and shops. This turnover is recognised as income at the time the sale is made, at invoice value excluding VAT. Turnover also includes non-membership golf and leisure income (green fees and driving range sales) which is also recognised at the time the sale is made.

Turnover from functions and conferences is deferred until the event takes place, at this point the turnover for the event is recognised including the release of the deferral.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value of their estimated useful lives, using straight-line method.

Depreciation is provided on the following basis:

Property	- 2% straight line, land is not depreciated
Equipment, Fixtures and fittings	- 10% - 33% straight line
Assets under construction	- Not depreciated

Assets under construction are in progress and therefore do not meet the criteria for depreciation.

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 Stocks

Stock is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of the purchase on a weighted average basis.

2.7 Leases

Rentals paid under operating leases are charged to the Consolidated Statement of Income and Retained Earnings on a straight line basis over the lease term.

Assets held under hire purchase agreements, which confer rights and obligations similar to those attached to own assets, are capitalised as tangible assets and depreciated over the shorter of the lease term and its useful economic life. The capital element of the future lease obligations are recorded as liabilities, while interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

2.8 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted. Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no material accounting judgements or estimates considered to be critical for the purposes of understanding the financial statements.

4. Turnover

All turnover arose within the United Kingdom and is attributable to the provision of golf and ancillary services.

5. Gains on sale of property and operations

	2018 £000	2017 £000
Gains on sale of property and operations	14,982	-
	<u>14,982</u>	<u>-</u>

During the year the company had two notable property development transactions, and ceased operating one golf club.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation charged for the year	1,880	1,933
Defined contribution pension cost	112	115
Operating leases - other	691	364
Operating leases - rent of property	4,692	2,475
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	62	62
	<u> </u>	<u> </u>
Fees payable to the group's auditor and its associates in respect of:		
Audit-related assurance services	4	-
Taxation compliance services	19	-
Preparation of accounts	13	13
	<u> </u>	<u> </u>
	36	13
	<u> </u>	<u> </u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8. Employees

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

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Wages and salaries	11,421	<i>11,148</i>	-	-
Social security costs	833	<i>775</i>	-	-
Cost of defined contribution scheme	112	<i>115</i>	-	-
	12,366	<i>12,038</i>	-	-

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

	2018 No.	<i>2017 No.</i>
Administrative	108	<i>105</i>
Service	824	<i>829</i>
	932	<i>934</i>

In the current and previous year the company had no employees other than the directors. No remuneration was paid by the company itself to any employees (2017 - nil).

9. Directors' remuneration

	2018 £000	<i>2017 £000</i>
Directors' emoluments	335	<i>296</i>
Company contributions to defined contribution pension schemes	11	<i>7</i>
	346	<i>303</i>

The highest paid director received remuneration of £173k (2017 - £165k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4k (2017 - £4k).

10. Interest payable and similar expenses

	2018 £000	<i>2017 £000</i>
Bank interest payable	415	<i>667</i>
Other loan interest payable	1	<i>1</i>
	416	<i>668</i>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	697	-
	<u>697</u>	<u>-</u>
Total current tax	<u>697</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(127)	(571)
Total deferred tax	<u>(127)</u>	<u>(571)</u>
Taxation on profit/(loss) on ordinary activities	<u>570</u>	<u>(571)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	15,055	(236)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	2,861	(47)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9	247
Capital allowances for year in excess of depreciation	(1,113)	-
Effects of tax rate changes	(49)	90
Adjustments to tax charge in respect of prior periods	-	(4)
Non-taxable income	(27)	(258)
Profit on disposal of assets ineligible for capital allowances	(2,136)	-
Capital gains	925	-
Group relief surrendered	100	-
Other deferred tax movements	-	(599)
Total tax charge for the year	<u>570</u>	<u>(571)</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. Tangible fixed assets

Group

	Land and buildings £000	Computer, Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 July 2017	96,146	26,461	554	123,161
Additions	386	753	475	1,614
Disposals	(3,342)	(518)	(455)	(4,315)
At 30 June 2018	93,190	26,696	574	120,460
Depreciation				
At 1 July 2017	42,216	23,917	-	66,133
Charge for the year on owned assets	1,075	788	-	1,863
Disposals	(1,883)	(501)	-	(2,384)
At 30 June 2018	41,408	24,204	-	65,612
Net book value				
At 30 June 2018	51,782	2,492	574	54,848
At 30 June 2017	53,930	2,544	554	57,028

Included within the net book value of fixed assets is £340k (2017 - £446k) relating to assets held under hire purchase agreements. The depreciation charge for the year relating to these assets was £64k (2017 - £49k).

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Freehold	47,304	49,272
Long leasehold	4,478	4,658
	51,782	53,930

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. Tangible fixed assets (continued)

Company

	Plant and machinery £000
Cost or valuation	
At 1 July 2017	87
At 30 June 2018	87
Depreciation	
At 1 July 2017	87
At 30 June 2018	87
Net book value	
At 30 June 2018	-
At 30 June 2017	-

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Crown Golf Property Limited	Ordinary	100 %	Ownership and letting of golf clubs
Crown Golf Operations Limited	Ordinary	100 %	Ownership and operation of golf clubs
MWGC Leisure Limited	Ordinary	100 %	Holding company
Merrist Wood Golf Club Limited	Ordinary	100 %	Operation of golf clubs
Crown Golf St Mellion Limited	Ordinary	100 %	Operation of golf clubs
Sunbury Golf Club Limited	Ordinary	100 %	Operation of golf clubs
Batchworth Park Golf Club Limited	Ordinary	100 %	Ownership and operation of golf club
Batchworth Park Golf Club	None	100 %	Operation of golf clubs
E P Golf Limited	Ordinary	100 %	Operation of golf clubs
Golfpartners International Limited	Ordinary	100 %	Operation of golf clubs
Chesfield Downs Golf Club Limited	Ordinary	100 %	Operation of golf clubs
South Winchester Golf Club (1993) Limited	Ordinary	100 %	Operation of golf clubs
Blue Mountain Golf Centre Limited	Ordinary	100 %	Dormant
Buckfield Park Limited	Ordinary	100 %	Dormant
Addington Court Gold Limited	Ordinary	100 %	Dormant
Crown Golf Development Limited	Ordinary	100 %	Dormant

The registered address for all subsidiaries is the same as Crown Golf Group Limited as shown on the company information page.

Company

	Investments in subsidiaries £000
At 1 July 2017	2,267
At 30 June 2018	2,267
At 30 June 2017	2,267

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14. Stocks

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Finished goods	893	1,127	-	-
	893	1,127	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Due after more than one year				
Amounts owed by group undertakings	-	-	65,318	70,386
Prepayments and accrued income	5	247	6	247
	5	247	65,324	70,633
Due within one year				
Trade debtors	3,364	3,249	-	-
Amounts owed by related parties	74	407	-	-
Other debtors	2,036	146	-	7
Prepayments and accrued income	980	1,135	-	80
Tax recoverable	209	209	34	34
Deferred taxation	84	2	2	2
	6,752	5,395	65,360	70,756

Amounts owed by related parties falling due within one year are unsecured, interest free and are repayable on demand. Amounts owed by group undertakings falling due after more than one year are unsecured, interest free and are repayable in 12 months and 1 day on a rolling basis.

16. Cash and cash equivalents

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Cash at bank and in hand	3,184	1,722	100	-
Less: bank overdrafts	(1,305)	(104)	(35)	(104)
	1,879	1,618	65	(104)

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank overdrafts	1,305	104	35	104
Bank loans	1,083	-	1,083	-
Members loans	-	2	-	-
Trade creditors	481	880	-	-
Amounts owed to group undertakings	-	-	7,222	4,058
Amounts owed to related parties	390	369	4,849	4,834
Corporation tax	697	-	-	-
Other taxation and social security	1,762	1,032	1,162	499
Obligations under finance lease and hire purchase contracts	112	174	-	-
Other creditors	1,621	1,429	-	-
Accruals and deferred income	6,767	7,275	9	23
	14,218	<i>11,265</i>	14,360	<i>9,518</i>

Amounts owed to group undertakings and related parties are unsecured, interest free and are repayable on demand.

The bank overdraft is secured by an intercompany guarantee between members of the group and Crown Golf Pine Ridge Limited.

18. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	12,369	19,500	12,369	19,500
Members loans	604	661	-	-
Net obligations under finance leases and hire purchase contracts	93	167	-	-
Amounts owed to parent undertakings	21,011	24,023	21,038	24,045
Amounts owed to related parties	11,489	18,205	-	-
	45,566	<i>62,556</i>	33,407	<i>43,545</i>

Amounts owed to parent undertakings and related parties are unsecured, interest free and are repayable in 12 months and 1 day on a rolling basis.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

19. Loans

Loans repayable, included within creditors, are analysed as follows:

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Amounts falling due within one year				
Bank loans	1,083	-	1,083	-
Amounts falling due 2-5 years				
Bank loans	12,369	19,500	12,369	19,500
	<u>12,369</u>	<u>19,500</u>	<u>12,369</u>	<u>19,500</u>
	<u>13,452</u>	<u>19,500</u>	<u>13,452</u>	<u>19,500</u>

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

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Within one year	109	175
Between 1-2 years	93	170
	<u>202</u>	<u>345</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	(45)	668
Charged to profit or loss	127	(714)
At end of year	82	(46)

Company

	2018 £000	2017 £000
At beginning of year	2	76
Charged to profit or loss	-	(74)
At end of year	2	2

The deferred taxation balance is made up as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Fixed asset timing differences	80	(47)	-	-
Short term timing differences	2	2	2	2
	82	(45)	2	2

There is an unrecognised deferred tax asset of £884k (2017 - £2,383k) detailed in the following table. This has not been recognised as there is not sufficient evidence of these being recoverable.

	Group 2018 £000	Group 2017 £000
Fixed asset timing differences	325	920
Short term timing differences	21	23
Tax losses carried forward	538	1,440
	884	2,383

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
21,374,501 Ordinary Shares shares of £1 each	21,338	21,338

23. Reserves

Members equity reserve

This balance represents the amount of former member loans which were transferred to equity.

Profit and loss reserve

This reserve records the accumulated profits and losses of the group; net of dividends.

24. Contingent liabilities

Certain members were granted membership following the demise of members' clubs previously operating at certain golf courses now managed by the company. In the event of a dissolution or winding up of the company, any property remaining after discharge of the debts and liabilities of the company or quasi subsidiary shall be used to pay the memberships to these members or their replacements. The directors estimate a maximum liability of approximately £1,242k (2017: £1,242k), being the total of advances paid by these members to the demised clubs now managed by the company, together with the members' loan repayments. Any costs that the company cannot bear will be borne by the parent company.

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 financial statements for such advances.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £120k (2017 - £115k).

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26. Commitments under operating leases

At 30 June 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Land and Buildings		
Not later than 1 year	1,750	<i>2,044</i>
Later than 1 year and not later than 5 years	5,623	<i>6,106</i>
Later than 5 years	22,801	<i>24,068</i>
	30,174	<i>32,218</i>

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000
Other			
Not later than 1 year	367	<i>388</i>	9
Later than 1 year and not later than 5 years	573	<i>927</i>	9
	940	<i>1,315</i>	18

The company had no operating lease commitments at 30 June 2017.

27. Controlling party

The immediate parent undertaking is Broadbat Pty Limited.

The ultimate parent undertaking and controlling party is Elbowup Pty Limited as trustee for Inthe Vee Discretionary Trust in Australia.