

**PGA EUROPEAN TOUR
PROPERTIES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2001

Company registration number: 2257246

Registered office: Wentworth Drive
Virginia Water
Surrey
GU25 4LX

Directors: N C Coles MBE
B Gallacher OBE
A Gallardo
R G Hills
T A Horton MBE
M G King
G C O'Grady
J E O'Leary
K D Schofield CBE
P M P Townsend

Secretary: M Bray

Bankers: Barclays Bank plc
28 George Street
Luton
LU1 2AE

Solicitors: Harbottle and Lewis
Hanover House
14 Hanover Square
London
W1R 0BE

Auditors: Grant Thornton
Registered auditors
Chartered accountants
London Thames Valley Office
Slough

PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2001

INDEX	PAGE
Report of the directors	1 - 2
Report of the independent auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 9

PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2001.

Principal activities

The company is principally engaged in investing in, designing and managing golf courses, club houses and associated facilities.

Business review

There was a loss for the year after taxation amounting to £2,726,384 (2000: profit £22,725). The directors do not recommend payment of a dividend.

Directors

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

N C Coles MBE
B Gallacher OBE
A Gallardo
R G Hills
T A Horton MBE
M G King
G C O'Grady
J E O'Leary
K D Schofield CBE
P M P Townsend

None of the directors had any interest in the shares of the company during the year.

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

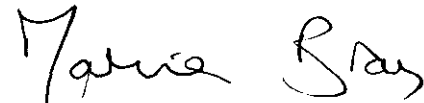
PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

Auditors

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

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'M Bray', is written over the printed name.

M Bray
Secretary

6 June 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

PGA EUROPEAN TOUR PROPERTIES LIMITED

We have audited the financial statements of PGA European Tour Properties Limited for the year ended 31 December 2001 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14 set out on pages 4 to 9. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

6 June 2002

PGA EUROPEAN TOUR PROPERTIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a small-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

INCOME FROM INVESTMENTS

Investment income comprises dividends declared on listed investments during the accounting period and interest receivable.

INVESTMENTS

Investments are included at cost.

DEFERRED TAXATION

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

PGA EUROPEAN TOUR PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	1	75,000	75,000
Gross profit		75,000	75,000
Administrative expenses		(63,481)	(52,275)
Operating profit		11,519	22,725
Exceptional items			
Loss on sale of fixed asset investments	3	(1,803,473)	-
Income from other fixed asset investments		60,057	-
Other interest receivable and similar income		30,689	-
(Loss)/profit on ordinary activities before taxation	1	(1,701,208)	22,725
Tax on loss on ordinary activities	4	(1,025,176)	-
(Loss)/profit transferred (from)/to reserves	9	(2,726,384)	22,725

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

PGA EUROPEAN TOUR PROPERTIES LIMITED

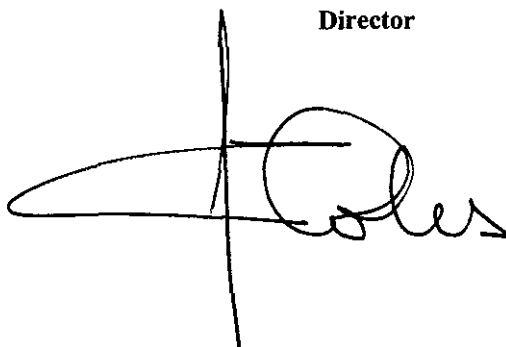
BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Investments	5		-		8,409,400
Current assets					
Debtors	6	1,879,212		468	
Cash at bank and in hand		3,167,985		1,008	
		<u>5,047,197</u>		<u>1,476</u>	
Creditors: amounts falling due within one year	7	<u>(1,499,139)</u>		<u>(2,136,434)</u>	
Net current assets			<u>3,548,058</u>		<u>(2,134,958)</u>
Total assets less current liabilities			<u>3,548,058</u>		<u>6,274,442</u>
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss account	9		3,547,058		6,273,442
Shareholders' funds	10		<u>3,548,058</u>		<u>6,274,442</u>

The financial statements were approved by the Board of Directors on

6th June, 2002

Director



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

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and (loss)/profit before taxation are attributable to the principal activity described in the directors report. It is derived entirely from within the United Kingdom.

The (loss)/profit on ordinary activities is stated after:

	2001 £	2000 £
Auditors' remuneration	<u>1,700</u>	<u>1,250</u>

2 DIRECTORS AND EMPLOYEES

No staff were directly employed by the company during the year, with the exception of the directors. Remuneration in respect of the directors was as follows:

	2001 £	2000 £
Payments to third parties for directors services	<u>50,297</u>	<u>49,999</u>

3 EXCEPTIONAL ITEM

The exceptional item relates to the sale of the company's 18.9% shareholding in PGA European Tour Courses plc. The cost of this investment as at 1 January 2001 was £8,409,400.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the loss for the year and represents:

	2001 £	2000 £
UK Corporation tax at 30%	<u>1,025,176</u>	<u>-</u>

Unrelieved tax losses of £82,000 (2000: £82,000) remain available to offset against future taxable trading profits.

5 FIXED ASSETS INVESTMENTS

	Listed investments £	Total £
Cost		
At 1 January 2001	8,409,400	8,409,400
Disposals	<u>(8,409,400)</u>	<u>(8,409,400)</u>
At 31 December 2001	<u>-</u>	<u>-</u>

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

6 DEBTORS

	2001 £	2000 £
Amounts owed by group undertakings	1,876,303	-
Loans to directors	-	468
Prepayments and accrued income	2,909	-
	<u>1,879,212</u>	<u>468</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	586	307
Amounts owed to group undertakings	470,127	2,133,877
Corporation tax	1,025,176	-
Accruals and deferred income	3,250	2,250
	<u>1,499,139</u>	<u>2,136,434</u>

8 SHARE CAPITAL

	2001 £	2000 £
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

9 RESERVES

	Profit and loss account £
At 1 January 2001	6,273,442
Retained loss for the year	(2,726,384)
At 31 December 2001	<u>3,547,058</u>

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
(Loss)/profit for the financial year and net (decrease)/increase in shareholder's funds	(2,726,384)	22,725
Shareholders' funds at 1 January 2001	6,274,442	6,251,717
Shareholders' funds at 31 December 2001	<u>3,548,058</u>	<u>6,274,442</u>

11 CAPITAL COMMITMENTS

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

12 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 31 December 2000.

13 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking is PGA European Tour (a company limited by guarantee) which is registered in England and Wales.

The largest and smallest group for which group accounts have been prepared is that headed by PGA European Tour (a company limited by guarantee). Copies of the group accounts can be obtained from Wentworth Drive, Virginia Water, Surrey, GU25 4LX.

14 RELATED PARTY TRANSACTIONS

The company is exempt from disclosing related party transactions with PGA European Tour (a company limited by guarantee), the parent undertaking, as it is a 100% subsidiary of that undertaking.

Other related party transactions are shown in notes 2, 6 and 7.