

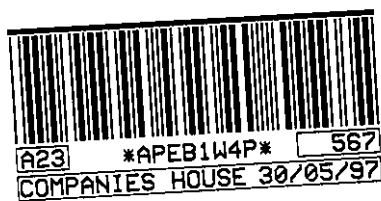
Company No: 2257246

**PGA EUROPEAN TOUR
PROPERTIES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1996



PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

Company registration number: 2257246

Registered office: Wentworth Drive
Virginia Water
Surrey
GU25 4LX

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

Secretary: M Bray

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

Solicitors: Keene Marsland
24 Curzon Street
London
W1Y 7AE

Auditors: Grant Thornton
Registered auditors
Chartered accountants
London

PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1996.

Principal activity

The company is principally engaged in the investment in, design, and management of golf courses, club houses and associated facilities.

Review of the period

The profit for the year after taxation amounted to £6,851,051 (1995 £3,058). The directors do not recommend payment of a dividend and the profit has been transferred to reserves.

Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year.

N C Coles MBE (Chairman)

A Gallardo

B Gallacher OBE

R G Hills

T A Horton

M G King

J E O'Leary

Sir Neil Macfarlane

G C O'Grady

K D Schofield CBE

P M P Townsend

M D Friend

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

Directors' responsibilities for the financial statements

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

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

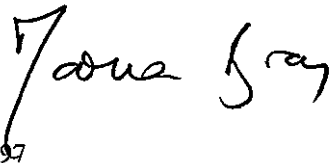
The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

BY ORDER OF THE BOARD

M Bray
Secretary
23 April 1997

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

REPORT OF THE AUDITORS TO THE MEMBERS OF

PGA EUROPEAN TOUR PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON
23 April 1997

PGA EUROPEAN TOUR PROPERTIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

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

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

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for services provided excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Computer equipment	25%
Fixtures and fittings	15% - 25%

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements.

Deferred tax is provided for to the extent that it is probable that a liability or asset will crystallise and not provided for to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

Associated undertakings

Undertakings other than subsidiary undertakings, in which the company has an investment representing at least 20% of the voting rights or over which it exerts significant influence, are treated as associated undertakings.

The company's share of the profits and other recognised gains and losses of the associated undertaking are included in the group financial statements of PGA European Tour (a company limited by guarantee).

PGA EUROPEAN TOUR PROPERTIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

PGA EUROPEAN TOUR PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1995 £
Turnover	1	55,000	55,000
Administrative expenses		<u>(55,010)</u>	<u>(51,943)</u>
Operating (loss)/profit		(10)	3,057
Exceptional item	3	6,852,383	-
Other interest receivable		-	1
Interest payable		<u>(1,322)</u>	<u>-</u>
Profit on ordinary activities before taxation	1	6,851,051	3,058
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the financial year transferred to reserves	11	<u><u>6,851,051</u></u>	<u><u>3,058</u></u>

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

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

PGA EUROPEAN TOUR PROPERTIES LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	4		249		321
Investments	5		<u>8,409,400</u>		<u>405,000</u>
			8,409,649		405,321
Current assets					
Debtors	6	2,372		106,219	
Cash at bank and in hand		<u>463</u>		<u>138</u>	
		2,835		106,357	
Creditors: amounts falling due within one year	7	<u>(2,229,376)</u>		<u>(1,179,621)</u>	
Net current liabilities			<u>(2,226,541)</u>		<u>(1,073,264)</u>
Total assets less current liabilities			6,183,108		(667,943)
Creditors: amounts falling due after more than one year	8		<u>(49,000)</u>		<u>(49,000)</u>
			<u>6,134,108</u>		<u>(716,943)</u>
Capital and reserves					
Called-up share capital	10		1,000		1,000
Profit and loss account	11		<u>6,133,108</u>		<u>(717,943)</u>
Shareholders' funds	12		<u>6,134,108</u>		<u>(716,943)</u>

The financial statements were approved by the Board of Directors on 23 April 1997.

N C Coles MBE

J E O'Leary

)
)
) Directors
)

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 1996

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the investment in, design and management of golf courses, club houses and associated facilities.

The profit on ordinary activities is stated after:

	1996 £	1995 £
Depreciation	72	859
Auditors' remuneration:		
- audit	500	500
- non-audit fees	<u>295</u>	<u>-</u>

2 STAFF COSTS

No staff were directly employed by the company during the year. Staff costs were recharged by other group undertakings.

Remuneration in respect of directors was payable as follows:

	1996 £	1995 £
Management remuneration	<u>55,378</u>	<u>50,492</u>

3 EXCEPTIONAL ITEM

The investment in PGA European Tour Golf Courses (IMG) Limited was disposed of during the year in a share for share exchange for shares in PGA European Tour Courses PLC. This realised a profit on disposal of the investment of £6,852,383.

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

4 TANGIBLE FIXED ASSETS

	Total £	Computer equipment £	Fixtures & fittings £
Cost			
At 1 January 1996	8,999	7,252	1,747
At 31 December 1996	8,999	7,252	1,747
Depreciation			
At 1 January 1996	8,678	6,938	1,740
Provided in the year	72	72	-
At 31 December 1996	8,750	7,010	1,740
Net book amount at 31 December 1996	249	242	7
Net book amount at 31 December 1995	321	314	7

5 FIXED ASSET INVESTMENTS

	1996 £	1995 £
Interest in associated undertaking	8,409,400	405,000

At 31 December 1996 the company had an interest in the following associated undertaking.

Name of associated undertaking	Country of registration and operation	Class of share capital held	Proportion held by company	Nature of business
PGA European Tour Courses PLC	England and Wales	Ordinary	18.9%	Investment in golf courses

During the year the shares in PGA European Tour Golf Courses (IMG) Limited were disposed of in a share for share exchange for shares in PGA European Tour Courses PLC, a company listed on the United Kingdom Stock Exchange, and the results of the associated undertaking are included in PGA European Tour (a company limited by guarantee) group financial statements. The market value of the investment at 31 December 1996 was £8,109,064.

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

6 DEBTORS

	1996 £	1995 £
Trade debtors	-	62
Amounts owed by fellow subsidiary undertakings	-	16,926
Amounts owed by associated undertakings	-	88,985
Other debtors	2,187	-
Prepayments and accrued income	185	246
	<u>2,372</u>	<u>106,219</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	4,895	-
Amounts owed to parent undertaking	1,773,955	789,844
Amounts owed to fellow subsidiary undertakings	450,526	389,777
	<u>2,229,376</u>	<u>1,179,621</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Debenture loan		
Repayable otherwise than by instalments after more than five years		
12% debenture 1998/2002	<u>49,000</u>	<u>49,000</u>

The loan stock was issued on 24 May 1989 and is redeemable at any time between 1998 and 2002. Interest due for the year ended 31 December 1996 has been waived. The redemption is at the option of the holder.

9 TAXATION

The company has no corporation tax liability due to the availability of taxable losses of £112,609.

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

10 CALLED-UP SHARE CAPITAL

	1996 and 1995 £
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>
Allotted, called-up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>

11 RESERVES

	1996 £
As at 1 January 1996	(717,943)
Profit for the year	<u>6,851,051</u>
As at 31 December 1996	<u>6,133,108</u>

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for year and net movement in shareholders' funds	6,851,051	3,058
Shareholders' funds at 1 January 1996	<u>(716,943)</u>	<u>(720,001)</u>
Shareholders' funds at 31 December 1996	<u>6,134,108</u>	<u>(716,943)</u>

13 MATERIAL INTERESTS IN TRANSACTIONS OR ARRANGEMENTS

Name of director	Nature of interest	Value of transaction £
N C Coles MBE	Provision of golf architectural services	50,000

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1996 or 31 December 1995.

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

15 CONTINGENT LIABILITIES

The company has guaranteed the bank facilities of its ultimate parent undertaking, by a fixed and floating charge over the assets and liabilities of the company. The directors do not believe this will be called in the foreseeable future.

There were no other contingent liabilities at 31 December 1996 or 31 December 1995.

16 DEFERRED TAX

No provision has been made for taxation which would accrue if the investment in PGA European Tour Courses PLC was disposed of at its market value. The amount unprovided is £2,539,000 (1995: £nil). The directors do not intend to dispose of the company's holding in the investment in the foreseeable future.

17 ULTIMATE PARENT UNDERTAKING

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