

DIRECTORS' REPORT AND ACCOUNTS

HEVER CASTLE GOLF CLUB LTD

30 September 2002

COMPANY REGISTRATION

England 2677760



HEVER CASTLE GOLF CLUB LIMITED

1.

Financial statements

for the period ended 30 September 2002

Registered office

12 Alma Square
Scarborough
North Yorkshire
YO11 1JU

Directors

J Guthrie
J M Johnson
R A Pullin
D A James
B P Swiers
P J Guthrie
M Robson

Secretary

J M Johnson

Registered auditors

Moore Stephens
Chartered Accountants
12 Alma Square
Scarborough
North Yorkshire
YO11 1JU

Bankers

The Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Company registration

England 2677760

Directors' report

for the period ended 30 September 2002

Financial statements

The directors have pleasure in presenting their annual report to shareholders together with the audited accounts for the period ended 30 September 2002.

Principal activity and business review

The company operates catering and leisure facilities. The directors are pleased to report an acceptable period of trading consistent with current market trends and that the general review of operations and facilities has proceeded as anticipated. Improvements have been made where necessary, which the directors believe will benefit the company and the golf playing members in the future.

The profit and loss account reflects a loss for the period of £213,762 (28.01.2002 - Loss £355,099).

The directors do not recommend the payment of a dividend.

Change of name

On 27th September 2002 the company re-registered as a private company and changed its name from Hever Golf Club Plc to Hever Castle Golf Club Limited.

Directors and their interests in the capital of the company

The directors named on page 1 served throughout the period.

The interests of Mr. J. Guthrie and Mr. J. M. Johnson in the capital of group companies are disclosed in the directors' report of Broadland Properties Limited. The interest of Mr. P. J. Guthrie in the capital of group companies during the period was:

Ordinary £1 Shares - Broadland Properties Limited

P J Guthrie - joint beneficial interest

644,360

No other director held interests in the capital of this or other group companies during the period under review.

Elective resolutions

The shareholders have passed elective resolutions dispensing with the requirement to hold an annual general meeting and to lay the accounts before an annual general meeting. Nevertheless the directors would like to remind the shareholders that any shareholder has the right to call for the accounts to be laid before a meeting of the shareholders and this right may be exercised by notice in writing to the company's registered office within 28 days from the date of receipt of the accounts.

Directors' report continued

for the period ended 30 September 2002

Statement of directors' responsibilities

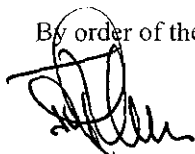
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J M JOHNSON
Secretary

27 January 2003

Registered Office
12 Alma Square
Scarborough
YO11 1JU

**Independent Auditors' Report to the Shareholders of
Hever Castle Golf Club Limited**

We have audited the financial statements of Hever Castle Golf Club Limited for the period ended 30 September 2002 set out on pages 5 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

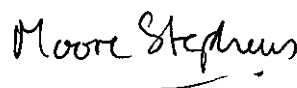
Basis of opinion

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 30 September 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



12-13 Alma Square
Scarborough
27 January 2003

MOORE STEPHENS
Registered Auditors
Chartered Accountants

HEVER CASTLE GOLF CLUB LIMITED

5.

Profit & loss account

for the period ended 30 September 2002

	Notes	30.09.02 8 months £	28.01.02 16 months restated £
Turnover - continuing operations	1	943,258	1,203,726
Cost of sales		(700,654)	(804,852)
Gross profit		242,604	398,874
Administrative expenses		(373,692)	(494,183)
- exceptional items		-	(157,429)
Other operating income		-	4,300
Operating loss - continuing operations	2	(131,088)	(248,438)
Profit/(Loss) on disposal of fixed assets		(22,607)	604
Interest receivable and similar income		474	239
Interest payable and similar charges	10	(48,791)	(121,512)
Loss on ordinary activities before taxation		(202,012)	(369,107)
Taxation on loss on ordinary activities	3	(11,750)	14,008
Retained loss for the period	12	<u>(213,762)</u>	<u>(355,099)</u>

Statement of total recognised gains and losses

	30.09.02 8 months £	28.01.02 16 months £
Loss for the financial period	(213,762)	(355,099)
Total recognised gains and losses relating to the period	<u>(213,762)</u>	<u>(355,099)</u>

HEVER CASTLE GOLF CLUB LIMITED

6.

Balance sheet

as at 30 September 2002

		30.09.02		28.01.02	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5		4,505,875		4,415,360
Current assets					
Stocks	6	87,588		69,176	
Debtors	7	100,894		49,350	
Cash at bank & in hand		72,650		1,986	
		<u>261,132</u>		<u>120,512</u>	
Creditors					
Amounts falling due within one year	8	(541,432)		(1,104,772)	
Net current liabilities			<u>(280,300)</u>		<u>(984,260)</u>
Total assets less current liabilities			4,225,575		3,431,100
Creditors					
Amounts falling due after more than one year	9		(1,730,000)		(733,038)
Provision for Liabilities and Charges					
Deferred taxation	4		(15,593)		(9,025)
			<u>2,479,982</u>		<u>2,689,037</u>
Capital and reserves					
Called up share capital	11		3,511,758		3,434,190
Share premium account	12		-		72,861
Profit and loss account	12		(1,031,776)		(818,014)
Equity shareholders funds			<u>2,479,982</u>		<u>2,689,037</u>

The financial statements were approved by the board of directors on 27 January 2003.


J Guthrie
DIRECTOR

Notes to the accounts**for the period ended 30 September 2002**

1. Accounting policies**a) Accounting convention:**

These accounts have been prepared in accordance with applicable accounting standards under the historical cost convention, adopting the following principal accounting policies.

(b) Turnover:

Turnover comprises sales to customers of goods and services net of value added tax.

(c) Stock:

Stock is valued at the lower of cost and net realisable value.

(d) Deferred Taxation:

The company has applied FRS19 in accounting for deferred taxation. The general principle is that deferred tax is recognised as a liability or asset if the transactions or events that give an obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date, although deferred tax is not provided on timing differences arising when a fixed asset is revalued without there being any commitment to sell the asset.

(e) Leases:

Assets acquired under finance lease agreements, including hire purchase agreements are capitalised and the corresponding liability is included in creditors. Finance lease interest is charged to the profit and loss account on a straight line basis over the period of the agreement. Operating lease rentals are charged to the profit and loss account of the period to which they relate.

(f) Depreciation:

Depreciation on the fixed assets of the company has been provided as follows:

Freehold land	- 0%
Freehold buildings	- 0%-2.0% per annum on a straight line basis
Plant and machinery	- 20% per annum on a reducing balance basis
Fixtures, fittings, tools and equipment	- 20% per annum on a reducing balance basis
Computer equipment	- 25% per annum on a straight line basis
Motor vehicles	- 25% per annum on a reducing balance basis

(g) Comparative figures

The comparative figures have been amended to reflect a fairer distribution between turnover, cost of sales, administrative expenses and profit on disposal of fixed assets.

Notes to the accounts

for the period ended 30 September 2002

2. Operating loss is stated after charging:

	30.09.02 8 months £	28.01.02 16 months £
Depreciation	52,792	98,813
Operating lease rentals		
- plant & machinery	19,806	35,711
Auditors' remuneration - audit fees	8,490	12,500
Auditors' remuneration - other services	38,777	13,237
Directors' remuneration	-	22,794
Exceptional items	-	157,429

Exceptional items in the prior period relate to professional fees, principally relating to the sale of the company.

3. Taxation

	30.09.02 8 months £	28.01.02 16 months £
Analysis of tax charge in the period		
Current tax		
UK corporation tax on profits of the period	-	(18,399)
Adjustments in respect of previous periods	5,182	14,069
Total current tax	5,182	(4,330)
Deferred tax		
Origination and reversal of timing differences	6,568	(19,029)
Effect of increased tax rate on opening liability	-	9,351
Total deferred tax	6,568	(9,678)
Tax on profit on ordinary activities	11,750	(14,008)
Factors affecting the tax charge for the period		
Loss on ordinary activities before tax	(202,012)	(369,107)
Loss on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 30% (2002 - 30%)	(60,604)	(73,821)
Effects of:		
Group relief at 0%	53,461	-
Disallowable expenditure	11,748	40,244
Depreciation on property	1,963	2,493
Adjustments to tax in respect of previous periods	5,182	14,069
Capital allowances (in excess of)/less than depreciation	3,080	2,473
Tax losses carried forward	(9,648)	10,212
Current tax charge for the period	5,182	(4,330)

Notes to the accounts

for the period ended 30 September 2002

4. Deferred taxation

The full potential liability and amount provided in the accounts relating to deferred taxation, assuming a tax rate of 30% (2002 - 30%) arises from the following timing differences between the tax computations and accounts:

	Full potential amounts		Of which dealt with in the accounts	
	30.09.02	28.01.02	30.09.02	28.01.02
	£	£	£	£
Accelerated capital allowances	21,265	24,345	21,265	24,345
Losses carried forward	(5,672)	(15,320)	(5,672)	(15,320)
	15,593	9,025	15,593	9,025

Analysis of movement:

	2002
	£
Balance as at 28 January 2002	9,025
Deferred tax charge for the period	6,568
Balance as at 30 September 2002	15,593

5. Tangible assets

	Freehold land & buildings	Fixtures, fittings, tools & equipment	Plant & machinery	Motor vehicles	Total
Cost	£	£	£	£	£
As at 28 January 2002	4,261,114	281,217	450,523	59,964	5,052,818
Additions	26,053	12,163	127,698	-	165,914
Disposals	-	(42,432)	(162,046)	-	(204,478)
As at 30 September 2002	4,287,167	250,948	416,175	59,964	5,014,254

Depreciation

As at 28 January 2002	73,637	189,254	351,155	23,412	637,458
Now provided	6,544	10,750	29,434	6,064	52,792
Disposals	-	(18,933)	(162,938)	-	(181,871)
As at 30 September 2002	80,181	181,071	217,651	29,476	508,379

Net book value

As at 28 January 2002	4,187,477	91,963	99,368	36,552	4,415,360
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Net book value

As at 30 September 2002	4,206,986	69,877	198,524	30,488	4,505,875
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	30.09.02	28.01.02
	£	£
Assets held under finance leases are included in fixed assets at a net book value of	34,256	124,774
Depreciation on these assets during the period amounted to	10,575	37,091

HEVER CASTLE GOLF CLUB LIMITED

10.

Notes to the accounts

for the period ended 30 September 2002

6. Stocks

	30.09.02	28.01.02
	£	£
Finished goods and goods for resale	87,588	69,176

7. Debtors

	30.09.02	28.01.02
	£	£
Trade debtors	46,377	22,736
Corporation tax	18,399	18,399
Other debtors	1,900	1,346
Prepayments and accrued income	34,218	6,869
	100,894	49,350

8. Creditors - amounts falling due within one year

	30.09.02	28.01.02
	£	£
Bank loans and overdrafts	-	574,238
Trade creditors	183,981	220,634
Finance leases	25,165	53,340
Corporation tax	-	7,443
Other taxation and social security	122,166	95,829
Other creditors	45,805	94,169
Accruals and deferred income	164,315	59,119
	541,432	1,104,772

9. Creditors - amounts falling due after more than one year

	30.09.02	28.01.02
	£	£
Amounts owed to ultimate parent company	1,730,000	-
Bank loans due wholly or in part after five years:-		
instalments due within one to two years	-	109,261
instalments due within two to five years	-	338,753
instalments due thereafter	-	246,626
	-	694,640
Finance leases:-		
instalments due within one to two years	-	23,429
instalments due within two to five years	-	14,969
	-	38,398
	1,730,000	733,038

The bank loans were fully repaid during the period. All finance leases are now due within one year. Amounts owed to group companies are interest free and have no specific repayment terms and may therefore be due after more than one year.

HEVER CASTLE GOLF CLUB LIMITED

11.

Notes to the accounts

for the period ended 30 September 2002

10. Interest Payable

	30.09.02	28.01.02
	£	£
On bank loans and overdrafts	14,409	95,817
Finance lease interest	8,805	21,171
Finance lease settlement interest	9,802	-
Other interest	15,775	4,524
	<u>48,791</u>	<u>121,512</u>

11. Share capital

	No.	30.09.02 £	28.01.02 £
Authorised:			
Ordinary shares of £1 each	4,193,818	4,193,818	-
Special shares of £1 each	3	-	3
"AA" Ordinary shares of £30 each	3,450	-	103,500
"A" Ordinary shares of £1,165 each	3,511	-	4,090,315
		<u>4,193,818</u>	<u>4,193,818</u>
Allotted, called up and fully paid			
Ordinary shares of £1 each	3,511,758	3,511,758	-
Special shares of £1 each	3	-	3
"AA" Ordinary shares of £30 each	3,450	-	103,500
"A" Ordinary shares of £1,165 each	2,854	-	3,324,910
		3,511,758	3,428,413
Allotted, called up and part paid			
"A" Ordinary shares of £1,165 each paid up to £642 per share	9	-	5,777
Total called up share capital		<u>3,511,758</u>	<u>3,434,190</u>

During the period the company received £4,707 as the remaining payment on the partly paid "A" Ordinary shares. The whole of the authorised share capital of the company was redesignated as 4,193,818 Ordinary shares of £1 each ranking pari passu in all respects. The share premium account was capitalised and appropriated as 72,861 Ordinary £1 shares credited as fully paid to existing shareholders.

12. Reserves

	Share premium account £	Profit and loss account £
As at 28 January 2002	72,861	(818,014)
Retained loss for the period	-	(213,762)
Bonus issue - note 11	(72,861)	
As at 30 September 2002	<u>-</u>	<u>(1,031,776)</u>

Notes to the accounts

for the period ended 30 September 2002

13. Reconciliation of movement in shareholders' funds

	30.09.02	28.01.02
	£	£
Loss for the financial period	(213,762)	(355,099)
New share capital subscribed	4,707	-
Net reduction in shareholders funds	(209,055)	(355,099)
Opening shareholders funds	2,689,037	3,044,136
Closing shareholders funds	<u>2,479,982</u>	<u>2,689,037</u>

14. Operating lease commitments

At the year end the company had annual commitments under operating leases as set out below:

	30.09.02	28.01.02
	£	£
Other operating leases which expire within one year	2,866	-
Other operating leases which expire within one to two years	778	14,543
Other operating leases which expire within two to five years	5,168	-
	<u>8,812</u>	<u>14,543</u>

15. Capital commitments

	30.09.02	28.01.02
	£	£
Contracted for but not provided for in the accounts	<u>11,450</u>	<u>-</u>

16. Related party transactions

Advantage is taken of the exemption in Financial Reporting Standard number 8 "Related Party Disclosures" from the requirement to separately disclose transactions with group companies.

17. Employees

The average number of personnel employed by the company, including directors, during the period was:

	30.09.02	28.01.02
	No.	No.
Management and administration	10	12
Bar, catering and course maintenance	27	22
	<u>37</u>	<u>34</u>

Costs incurred were:

	30.09.02	28.01.02
	£	£
Wages and salaries	338,915	346,526
Social security costs	20,389	27,275
Other pension costs	-	-
	<u>359,304</u>	<u>373,801</u>

18. Ultimate parent company

The accounts of this company are included in the consolidated accounts of Broadland Properties Limited, which is regarded as the company's ultimate holding company.