

DIRECTORS' REPORT AND ACCOUNTS

HEVER CASTLE GOLF CLUB LTD

30 September 2007

COMPANY REGISTRATION

England 2677760

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HEVER CASTLE GOLF CLUB LIMITED

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Financial statements

for the year ended 30 September 2007

Registered office

137 Scalby Road
Scarborough
North Yorkshire
YO12 6TB

Directors

J Guthrie
D H M Leslie (appointed 10 January 2007)
P J Guthrie
R Guthrie
M Robson
M J Harrison

Secretary

B P Swiers

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 year ended 30 September 2007

Financial statements

The directors have pleasure in presenting their annual report to shareholders together with the audited accounts for the year ended 30 September 2007

Principal activity

The principal activities of the company during the period have been the operating of catering and leisure facilities

Results and dividends

The profit and loss account reflects a profit for the year of £10,266 (2006 - Loss £37,603)

The directors do not recommend the payment of a dividend

Directors

The directors who served during the period were

Mr J Guthrie
Mr P J Guthrie
Mr R Guthrie
Mr M J. Harrison
Mr M Robson
Mr D H M. Leslie (appointed 10th January 2007)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and 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.

Directors' report continued

for the year ended 30 September 2007

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 2nd April 2008 and signed on its behalf by



B P Swiers
Secretary

HEVER CASTLE GOLF CLUB LIMITED

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

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We have audited the financial statements of Hever Castle Golf Club Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

HEVER CASTLE GOLF CLUB LIMITED

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements

Moore Stephens

MOORE STEPHENS
Registered Auditors
Chartered Accountants
2nd April 2008

12-13 Alma Square
Scarborough
North Yorkshire
YO11 1JU

HEVER CASTLE GOLF CLUB LIMITED

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Profit & loss account

for the year ended 30 September 2007

		2007 £	2006 £
Turnover - continuing operations	1	1,403,992	1,295,283
Cost of sales		(978,570)	(912,245)
Gross profit		<u>425,422</u>	<u>383,038</u>
Administrative expenses		(412,773)	(422,107)
Operating profit/(loss) - continuing operations	2	<u>12,649</u>	<u>(39,069)</u>
Interest receivable and similar income		2,214	1,466
Profit/(Loss) on ordinary activities before taxation		<u>14,863</u>	<u>(37,603)</u>
Taxation on profit/(loss) on ordinary activities	3	(4,597)	-
Retained profit/(loss) for the year	12	<u><u>10,266</u></u>	<u><u>(37,603)</u></u>

There were no recognised gains or losses other than the profit or loss for the above two financial periods

HEVER CASTLE GOLF CLUB LIMITED

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Balance sheet

as at 30 September 2007

		2007		2006
		£	£	£
Fixed assets				
Tangible assets	5	4,500,111		4,511,604
Current assets				
Stocks	6	85,717		83,316
Debtors	7	66,301		65,385
Cash at bank & in hand		101,459		79,224
		<u>253,477</u>		<u>227,925</u>
Creditors				
Amounts falling due within one year	8	(415,660)		(355,216)
Net current liabilities		<u>(162,183)</u>		<u>(127,291)</u>
Total assets less current liabilities		4,337,928		4,384,313
Creditors				
Amounts falling due after more than one year	9	(2,428,371)		(2,490,000)
Provision for Liabilities				
Deferred taxation	4	(4,978)		-
		<u>1,904,579</u>		<u>1,894,313</u>
Capital and reserves				
Called up share capital	11	3,511,758		3,511,758
Profit and loss account	12	(1,607,179)		(1,617,445)
Equity shareholders funds		<u>1,904,579</u>		<u>1,894,313</u>

The financial statements were approved by the board of directors on 2nd April 2008


J Guthrie
DIRECTOR

Notes to the accounts**for the year ended 30 September 2007**

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	- 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

Notes to the accounts

for the year ended 30 September 2007

2. Operating profit / loss is stated after charging:

	2007	2006
	£	£
Depreciation - owned assets	62,868	73,323
- assets held under financial leases	7,363	-
Operating lease rentals		
- plant & machinery	19,316	20,560
Auditors' remuneration - audit fees	8,740	8,580
(Profit)/loss on sale of assets	<u>3,015</u>	<u>2,576</u>

3. Taxation

Analysis of tax charge in the year

	2007	2006
	£	£
Current tax		
UK corporation tax on profits / (loss) of the year	-	-
Adjustments in respect of previous periods	(381)	-
Total current tax	(381)	-
Deferred tax		
Origination and reversal of timing differences	4,978	-
Effect of increased tax rate on opening liability	-	-
Total deferred tax	4,978	-
Tax on profit/(loss) on ordinary activities	<u>4,597</u>	<u>-</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before tax	<u>14,863</u>	<u>(37,603)</u>
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 30% (2006 - 30%)	4,459	(11,281)
Effects of		
Group relief at 0%	(664)	8,454
Depreciation on property	3,961	3,653
Adjustments to tax in respect of previous periods	(381)	-
Capital allowances (in excess of)/less than depreciation	6,002	(826)
Tax losses utilised	(13,402)	-
Difference in deferred tax rate	(356)	-
Current tax charge for the year	<u>(381)</u>	<u>-</u>

Notes to the accounts

for the year ended 30 September 2007

4. Deferred taxation

The full potential liability and amount provided in the accounts relating to deferred taxation, assuming a tax rate of 28% (2006 - 30%) arises from the following timing differences between the tax computations and accounts

	Full potential amounts		Of which dealt with in the accounts	
	2007	2006	2007	2006
	£	£	£	£
Accelerated capital allowances	4,978	10,980	4,978	10,980
Losses carried forward	-	(13,402)	-	(10,980)
	4,978	(2,422)	4,978	-

Analysis of movement:

	2007
	£
Balance as at 30 September 2006	-
Deferred tax charge for the year	7,400
Less deferred tax asset previously unprovided	(2,422)
Balance as at 30 September 2007	4,978

5. Tangible assets

	Freehold land & buildings	Fixtures, fittings, tools & equipment	Plant & machinery	Motor vehicles	Total
	£	£	£	£	£
As at 30 September 2006	4,406,300	310,300	471,450	14,934	5,202,984
Additions	16,091	2,530	37,333	7,000	62,954
Disposals	-	-	(18,956)	(14,934)	(33,890)
As at 30 September 2007	4,422,391	312,830	489,827	7,000	5,232,048

Depreciation

As at 30 September 2006	128,008	229,569	320,629	13,174	691,380
Now provided	12,243	16,953	39,285	1,750	70,231
Disposals	-	-	(16,500)	(13,174)	(29,674)
As at 30 September 2007	140,251	246,522	343,414	1,750	731,937

Net book value

As at 30 September 2006	4,278,292	80,731	150,821	1,760	4,511,604
As at 30 September 2007	4,282,140	66,308	146,413	5,250	4,500,111

The net book value of plant and machinery includes assets held under finance leases or hire purchase contracts amounting to £29,454 (2006 - £nil)

HEVER CASTLE GOLF CLUB LIMITED

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Notes to the accounts

for the year ended 30 September 2007

6. Stocks

	2007	2006
	£	£
Raw materials and consumables	15,989	16,832
Finished goods and goods for resale	69,728	66,484
	<u>85,717</u>	<u>83,316</u>

7. Debtors

	2007	2006
	£	£
Trade debtors	27,707	25,426
Amounts owed by group undertakings	316	3,046
Prepayments and accrued income	38,278	36,913
	<u>66,301</u>	<u>65,385</u>

8. Creditors - amounts falling due within one year

	2007	2006
	£	£
Trade creditors	102,830	68,271
Finance Leases	18,446	-
Amounts owed to group undertakings	5,472	11,430
Other taxation and social security	43,002	53,287
Other creditors	41,378	41,574
Accruals and deferred income	204,532	180,654
	<u>415,660</u>	<u>355,216</u>

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

	2007	2006
	£	£
Amounts owed to ultimate parent company	2,410,000	2,490,000
Finance Leases	18,371	-
	<u>2,428,371</u>	<u>2,490,000</u>

Amounts owed to group companies are interest free and have no specific repayment terms and may therefore be due after more than one year

10. Obligations under finance leases and hire purchase contracts

	2007	2006
	£	£
Finance leases and hire purchase contracts are analysed as follows:		
Due within one year	18,446	-
due within two to five years	18,371	-
	<u>36,817</u>	<u>-</u>

Finance lease are secured against the assets to which they relate

HEVER CASTLE GOLF CLUB LIMITED

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Notes to the accounts

for the year ended 30 September 2007

11 Share capital

	No.	2007 £	2006 £
Authorised:			
Ordinary shares of £1 each	4,193,818	4,193,818	4,193,818
		<u>4,193,818</u>	<u>4,193,818</u>
Allotted, called up and fully paid			
Ordinary shares of £1 each	3,511,758	<u>3,511,758</u>	<u>3,511,758</u>
Total called up share capital		<u>3,511,758</u>	<u>3,511,758</u>

12. Reserves

	Profit and loss account £
As at 30 September 2006	(1,617,445)
Retained profit for the year	10,266
As at 30 September 2007	<u>(1,607,179)</u>

13. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Profit/(Loss) for the financial year	10,266	(37,603)
Opening shareholders funds	1,894,313	1,931,916
Closing shareholders funds	<u>1,904,579</u>	<u>1,894,313</u>

14. Operating lease commitments

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

	2007 £	2006 £
Other operating leases which expire within one year	3,620	-
Other operating leases which expire within one to two years	-	7,240
Other operating leases which expire within two to five years	13,440	13,440
	<u>17,060</u>	<u>20,680</u>

HEVER CASTLE GOLF CLUB LIMITED

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Notes to the accounts

for the year ended 30 September 2007

15. Capital commitments

	2007	2006
	£	£
Contracted for but not provided for in the accounts	-	-

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 year was

	2007	2006
	No.	No.
Sales	22	21
Maintenance & upkeep	1	1
Administration	9	10
	<u>32</u>	<u>32</u>

Costs incurred were

	2007	2006
	£	£
Wages and salaries	504,967	493,523
Social security costs	37,401	38,017
Other pension costs	-	-
	<u>542,368</u>	<u>531,540</u>

Directors' emoluments

-	-
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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