

DIRECTORS' REPORT AND ACCOUNTS

HEVER CASTLE GOLF CLUB LTD

30 September 2004

COMPANY REGISTRATION

England 2677760



A31
COMPANIES HOUSE

A4P9L1Q0

0468
07/01/05

HEVER CASTLE GOLF CLUB LIMITED

1.

Financial statements

for the year ended 30 September 2004

Registered office

137 Scalby Road
Scarborough
North Yorkshire
YO12 6TB

Directors

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

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 2004

Financial statements

The directors have pleasure in presenting their annual report to shareholders together with the audited accounts for the year ended 30 September 2004.

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 year of £156,329 (2003 - Loss £292,415).

The directors do not recommend the payment of a dividend.

Directors and their interests in the capital of the company

The directors named on page 1 served during the period. The interests of Mr J Guthrie, Mr J M Johnson, Mr B P Swiers, Mr P J Guthrie, and Mr R Guthrie in the capital of group companies are disclosed in the directors' report of Broadland Properties Limited. Mr R A Pullin, Mr D A James and Mr M Robson held no interests in the capital of any 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 year ended 30 September 2004

Statement of directors' responsibilities

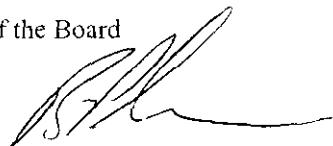
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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



B P Swiers
Secretary

21st December 2004

Registered Office
137 Scalby Road
Scarborough
YO12 6TB

HEVER CASTLE GOLF CLUB LIMITED

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

4.

We have audited the financial statements of Hever Castle Golf Club Limited for the year ended 30 September 2004 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 audit 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

12-13 Alma Square
Scarborough
21st December 2004

MOORE STEPHENS
Registered Auditors
Chartered Accountants

HEVER CASTLE GOLF CLUB LIMITED

5.

Profit & loss account

for the year ended 30 September 2004

		2004 £	2003 £
Turnover - continuing operations	1	1,300,363	1,253,817
Cost of sales		(958,516)	(1,006,087)
Gross profit		<u>341,847</u>	<u>247,730</u>
Administrative expenses		(502,692)	(559,813)
Operating loss - continuing operations	2	<u>(160,845)</u>	<u>(312,083)</u>
Interest receivable and similar income		1,356	1,994
Interest payable and similar charges	10	-	5,248
Loss on ordinary activities before taxation		<u>(159,489)</u>	<u>(304,841)</u>
Taxation on loss on ordinary activities	3	3,160	12,426
Retained loss for the year	12	<u><u>(156,329)</u></u>	<u><u>(292,415)</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

6.

Balance sheet

as at 30 September 2004

		2004	2003
		£	£
Fixed assets			
Tangible assets	5	4,570,735	4,576,247
Current assets			
Stocks	6	92,774	85,003
Debtors	7	113,284	105,040
Cash at bank & in hand		90,303	96,561
		<u>296,361</u>	<u>286,604</u>
Creditors			
Amounts falling due within one year	8	<u>(365,858)</u>	<u>(412,124)</u>
Net current liabilities		<u>(69,497)</u>	<u>(125,520)</u>
Total assets less current liabilities		4,501,238	4,450,727
Creditors			
Amounts falling due after more than one year	9	(2,470,000)	(2,260,000)
Provision for Liabilities and Charges			
Deferred taxation	4	0	(3,160)
		<u>2,031,238</u>	<u>2,187,567</u>
Capital and reserves			
Called up share capital	11	3,511,758	3,511,758
Profit and loss account	12	(1,480,520)	(1,324,191)
Equity shareholders funds		<u>2,031,238</u>	<u>2,187,567</u>

The financial statements were approved by the board of directors on 21st December 2004


J Guthrie
DIRECTOR

Notes to the accountsfor the year ended 30 September 2004

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% 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

HEVER CASTLE GOLF CLUB LIMITED

8.

Notes to the accounts

for the year ended 30 September 2004

2. Operating loss is stated after charging:

	2004	2003
	£	£
Depreciation	90,659	89,671
Operating lease rentals		
- plant & machinery	20,442	14,004
Auditors' remuneration - audit fees	6,600	10,360
Auditors' remuneration - other services	-	750
Loss on sale of assets	10,147	9,504

3. Taxation

Analysis of tax charge in the year

	2004	2003
	£	£
Current tax		
UK corporation tax on profits of the year	-	-
Adjustments in respect of previous periods	-	7
Total current tax	-	7

Deferred tax

Origination and reversal of timing differences	(3,160)	(12,433)
Effect of increased tax rate on opening liability	-	-
Total deferred tax	(3,160)	(12,433)

Tax on profit on ordinary activities

	(3,160)	(12,426)
--	---------	----------

Factors affecting the tax charge for the year

Loss on ordinary activities before tax	(159,489)	(304,841)
--	-----------	-----------

Loss on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 30% (2003 - 30%)	(47,847)	(91,452)
---	----------	----------

Effects of:

Group relief at 0%	42,646	75,549
Depreciation on property	3,544	3,470
Adjustments to tax in respect of previous periods	-	7
Capital allowances (in excess of)/less than depreciation	-	4,703
Tax losses carried forward	-	7,730
Unprovided deferred tax asset	1,657	-

Current tax charge for the year

	-	7
--	---	---

HEVER CASTLE GOLF CLUB LIMITED

9.

Notes to the accounts

for the year ended 30 September 2004

4. Deferred taxation

The full potential liability/ (asset) 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	
	2004	2003	2004	2003
	£	£	£	£
Accelerated capital allowances	11,703	16,562	11,703	16,562
Losses carried forward	(13,402)	(13,402)	(11,703)	(13,402)
	(1,699)	3,160	-	3,160

Analysis of movement:

	2004
	£
Balance as at 30 September 2003	3,160
Deferred tax charge / (credit) for the year	(3,160)
Balance as at 30 September 2004	-

5. Tangible assets

	Freehold land & buildings	Fixtures, fittings, tools & equipment	Plant & machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
As at 30 September 2003	4,374,709	260,815	462,443	14,934	5,112,901
Additions	12,400	35,087	54,807	-	102,294
Disposals	-	-	(59,046)	-	(59,046)
As at 30 September 2004	4,387,109	295,902	458,204	14,934	5,156,149

Depreciation

As at 30 September 2003	91,792	192,425	241,675	10,762	536,654
Now provided	11,859	20,909	56,848	1,043	90,659
Disposals	-	-	(41,899)	-	(41,899)
As at 30 September 2004	103,651	213,334	256,624	11,805	585,414

Net book value

As at 30 September 2003	4,282,917	68,390	220,768	4,172	4,576,247
Net book value					
As at 30 September 2004	4,283,458	82,568	201,580	3,129	4,570,735

HEVER CASTLE GOLF CLUB LIMITED

10.

Notes to the accounts

for the year ended 30 September 2004

6. Stocks

	2004	2003
	£	£
Finished goods and goods for resale	<u>92,774</u>	<u>85,003</u>

7. Debtors

	2004	2003
	£	£
Trade debtors	76,450	69,245
Corporation tax	-	-
Other debtors	-	3,600
Prepayments and accrued income	<u>36,834</u>	<u>32,195</u>
	<u>113,284</u>	<u>105,040</u>

8. Creditors - amounts falling due within one year

	2004	2003
	£	£
Trade creditors	105,312	140,818
Corporation tax	-	-
Other taxation and social security	48,034	28,740
Other creditors	44,874	54,830
Accruals and deferred income	<u>167,638</u>	<u>187,736</u>
	<u>365,858</u>	<u>412,124</u>

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

	2004	2003
	£	£
Amounts owed to ultimate parent company	2,470,000	2,260,000
	<u>2,470,000</u>	<u>2,260,000</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.

HEVER CASTLE GOLF CLUB LIMITED

11.

Notes to the accounts

for the year ended 30 September 2004

10. Interest Payable

	2004	2003
	£	£
On bank loans and overdrafts	-	-
Finance lease interest	-	680
Finance lease settlement interest	-	4,027
Other interest	-	(9,955)
	<u>-</u>	<u>(5,248)</u>

11. Share capital

	No.	2004	2003
		£	£
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	3,511,758	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 2003	(1,324,191)
Retained loss for the year	(156,329)
As at 30 September 2004	<u>(1,480,520)</u>

HEVER CASTLE GOLF CLUB LIMITED

12.

Notes to the accounts

for the year ended 30 September 2004

13. Reconciliation of movement in shareholders' funds

	2004	2003
	£	£
Loss for the financial year	(156,329)	(292,415)
New share capital subscribed	-	-
Net reduction in shareholders funds	(156,329)	(292,415)
Opening shareholders funds	2,187,567	2,479,982
Closing shareholders funds	<u>2,031,238</u>	<u>2,187,567</u>

14. Operating lease commitments

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

	2004	2003
	£	£
Other operating leases which expire within one year	3,445	1,528
Other operating leases which expire within one to two years	2,580	5,168
Other operating leases which expire within two to five years	16,456	1,200
	<u>22,481</u>	<u>7,896</u>

15. Capital commitments

	2004	2003
	£	£
Contracted for but not provided for in the accounts	<u>-</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 year was:

	2004	2003
	No.	No.
Sales	24	26
Maintenance & upkeep	1	1
Administration	11	11
	<u>36</u>	<u>38</u>

Costs incurred were:

	2004	2003
	£	£
Wages and salaries	500,796	515,174
Social security costs	41,579	39,667
Other pension costs	-	-
	<u>542,375</u>	<u>554,841</u>
Directors' emoluments	<u>-</u>	<u>-</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.