

QUEENWOOD GOLF CLUB LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000**

S H LANDES & CO

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

Company number: 3757421



QUEENWOOD GOLF CLUB LIMITED
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

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QUEENWOOD GOLF CLUB LIMITED**COMPANY INFORMATION**

DIRECTORS	F. D. Green L. Green
SECRETARY	Bernard Finniston
BUSINESS ADDRESS	Queenwood Golf Club Chobham Road Ottershaw Surrey KT16 0QD
REGISTERED OFFICE	5th Floor, Walmar House 288 Regent Street London W1B 3AL
AUDITORS	S H Landes & Co Chartered Accountants and Registered Auditors 5th Floor, Walmar House 288 Regent Street London W1B 3AL
BANKERS	1st Bank of Vail 17 Vail Road Vail Colorado 81657 United States of America NatWest Bank Plc Regent Street Branch PO Box No. 4RY 250 Regent Street London W1A 4RY

QUEENWOOD GOLF CLUB LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company was that of the development and operation of Queenwood Golf Club. The club opened for play in October 2001.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interests in the company's share capital were as follows:

	Redeemable "B" shares of \$1 each	
	31 December 2000	31 December 1999
F. D. Green	1	-
W. A. Forbes (resigned 31 December 2000)	1	-
L. Green	-	-

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

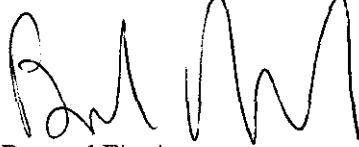
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

SMALL COMPANY RULES

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

QUEENWOOD GOLF CLUB LIMITED**REPORT OF THE DIRECTORS**
(continued)**AUDITORS**

The auditors, S H Landes & Co, will be proposed for re-appointment in accordance with S.385 of the Companies Act 1985.

BY ORDER OF THE BOARDA handwritten signature in black ink, appearing to read 'Bernard Finniston', written over the printed name.

Bernard Finniston
Secretary

Date: 7 January 2002

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
QUEENWOOD GOLF CLUB LIMITED

We have audited the financial statements of Queenwood Golf Club Limited for the year ended 31st December 2000, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the 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 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 judgments 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.

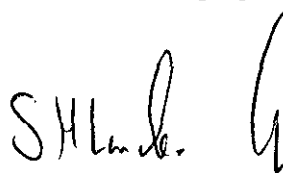
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
QUEENWOOD GOLF CLUB LIMITED
(continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

S H LANDES & CO
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS

SHL 

5th Floor, Walmar House
288 Regent Street
London
W1B 3AL

Date: 7 January 2002

QUEENWOOD GOLF CLUB LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	Period ended 31 December 1999 £
TURNOVER	2	429,231	-
Administration expenses		(515,394)	(198,133)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(86,163)	(198,133)
Interest received		61,206	-
Tax on results on ordinary activities	4	(12,241)	-
		-----	-----
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(37,198)	(198,133)
		-----	-----
RETAINED LOSS FOR THE YEAR	10	(37,198)	(198,133)
		=====	=====

The attached notes form part of these financial statements

QUEENWOOD GOLF CLUB LIMITED
BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	5	5,197,760	473,839
INVESTMENTS	6	6,250	-
CURRENT ASSETS			
Debtors	7	35,572	21,668
Cash at bank and in hand		4,183,770	140,592
		-----	-----
		4,219,342	162,260
CREDITORS: amounts falling due within one year	8	2,282,414	693,606
		-----	-----
NET CURRENT ASSETS/ (LIABILITIES)		1,936,928	(531,346)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		7,140,938	(57,507)
		=====	=====
CAPITAL AND RESERVES			
Share capital	9	4,648,205	140,626
Profit and loss account	10	(235,331)	(198,133)
Share premium		2,728,064	-
		-----	-----
		7,140,938	(57,507)
		=====	=====

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.


F. D. Green
Director

Date: 7 January 2002

The attached notes form part of these financial statements

QUEENWOOD GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Depreciation

Depreciation is provided on tangible fixed assets other than construction costs at rates calculated to write off the cost less the estimated residual value on a straight-line basis over their expected useful lives. The applicable annual rates are:

Equipment	20%
Computer equipment	33 1/3%

Construction costs are not depreciated. All costs associated with the construction of the golf course and formation of the golf club have been capitalised and will be amortised over an appropriate useful life on commencement of commercial use of the club.

(c) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER AND LOSS

The turnover and loss before taxation is attributable to the one principal activity of the company.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
This is stated after charging:		
Depreciation	57,661	-
Auditors' remuneration	8,000	4,000
Loss on exchange	7,068	-
	=====	=====

4. TAXATION

	2000 £	1999 £
Corporation tax at current rates	12,241	-
	=====	=====

QUEENWOOD GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
(continued)**

5. FIXED ASSETS

	Construction costs £	Computer equipment £	Equipment £	Total £
Cost:				
At 1 January 2000	473,839	-	-	473,839
Additions	4,494,790	2,275	284,517	4,781,582
	-----	-----	-----	-----
At 31 December 2000	4,968,629	2,275	284,517	5,255,421
	-----	-----	-----	-----
Depreciation:				
At 1 January 2000	-	-	-	-
Charge for the year	-	758	56,903	57,661
	-----	-----	-----	-----
At 31 December 2000	-	758	56,903	57,661
	-----	-----	-----	-----
Net book value:				
At 31 December 2000	4,968,629	1,517	227,614	5,197,760
	=====	=====	=====	=====
At 31 December 1999	473,839	-	-	473,839
	=====	=====	=====	=====

6. INVESTMENTS

	2000 £	1999 £
Shares in group undertakings	6,250	-
	=====	=====

The company owns 20% of the ordinary share capital of Queenwood Land Company Limited, a company which owns the land on which the golf club stands.

7. DEBTORS

	2000 £	1999 £
Staff loan	20,000	-
Taxation	-	21,666
Sundry debtors	15,572	2
	-----	-----
	35,572	21,668
	=====	=====

QUEENWOOD GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
(continued)**

8. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Corporation tax	12,241	-
Trade creditors	249,797	-
Amounts due to related companies	1,992,063	689,606
Accruals	12,000	4,000
Sundry creditors	16,313	-
	<u>2,282,414</u>	<u>693,606</u>

9. SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
100 ordinary "A" shares of £1 each	100	100
900 redeemable "B" shares of US \$1 each	562	562
100 international shares of US \$1 each	62	62
	<u>724</u>	<u>724</u>

Subject to the regulations in the company's Articles of Association, redeemable "B" shares can be redeemed by the member delivering the appropriate notice to the company. The redemption price is equal to the then current "B" share subscription price less a discount of up to 15%.

Allotted, called up and fully paid:

	2000	1999
	£	£
2 "A" ordinary shares of £1 each	2	2
97 "B" redeemable shares of US \$1 each	61	-
 Payments on shares not yet issued:		
Deposits on US \$ "B" shares to be issued in 2002 at a premium	4,648,142	140,624
	<u>4,648,205</u>	<u>140,626</u>

QUEENWOOD GOLF CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
(continued)**

10. REVENUE RESERVES

	2000	1999
	£	£
Retained loss brought forward	(198,133)	-
Retained loss for the year	(37,198)	(198,133)
	-----	-----
At 31 December 2000	(235,331)	(198,133)
	=====	=====

11. CAPITAL COMMITMENTS

At 31 December 2000 the company had capital commitments contracted for but not provided in these accounts of £5,376,272.

12. TRANSACTIONS WITH DIRECTORS

Mr. F. Green is a director of Golf Services Inc., from whom the company purchased golf club development consultancy services to the value of £131,580 (period ended 31 December 1999: £83,335) on normal commercial terms. At the balance sheet date the amount outstanding was £nil (period ended 31 December 1999: £10,417).

Mrs. L. Green was paid £33,451 in respect of interior design services during the year on normal commercial terms (period ended 31 December 1999: £nil). At the balance sheet date the amount outstanding was £nil (period ended 31 December 1999: £nil).