

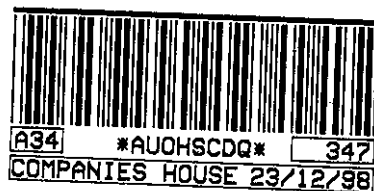
Registered

ZIMGOLF (UK) LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1998

Registered number: 2544608



FORRESTALS

ZIMGOLF (UK) LIMITED

FINANCIAL STATEMENTS

for the year ended 30 September 1998

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ZIMGOLF (UK) LIMITED

COMPANY INFORMATION

30 September 1998

| | |
|-------------------|---|
| INCORPORATED | in England on 14 June 1991 |
| NUMBER | 2544608 |
| CHAIRMAN | N B Ferriman |
| OTHER DIRECTORS | A G Ferriman C M Ferriman B Rabot |
| SECRETARY | N B Ferriman |
| REGISTERED OFFICE | 311 Heaton Road Heaton Newcastle upon Tyne NE6 5QD |
| BANKERS | Lloyds Bank plc 100 Front Street Chester le Street Durham DH3 3AH |
| AUDITORS | Forrestals Chartered Accountants Pearl Assurance House 7 New Bridge Street Newcastle upon Tyne NE1 8AQ |

ZIMGOLF (UK) LIMITED

DIRECTORS' REPORT

30 September 1998

The directors present their report and the audited financial statements for the year ended 30 September 1998.

Principal activity

The principal activity of the company is that of the provision of golfing holidays.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

| | 30 September 1998 | 1 October 1997 |
|--------------------------------------|--------------------|--------------------|
| | Ordinary shares | Ordinary shares |
| N B Ferriman | 30,000 | 20,000 |
| A G Ferriman | - | - |
| C M Ferriman | - | - |
| B Rabot (appointed 7 September 1998) | 10,000 | - |

Share capital

During the year the company issued 20,000 £1 Ordinary shares at par value to increase the working capital of the company.

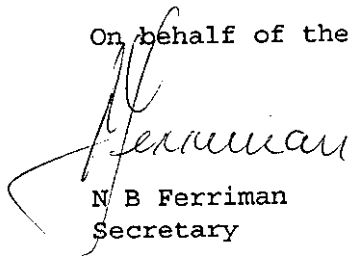
Auditors

Forrestals have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities.

On behalf of the board


N B Ferriman
Secretary

11 December 1998

ZIMGOLF (UK) LIMITED


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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

On behalf of the board



N B Ferriman
Chairman

11 December 1998

Chartered Accountants

Pearl Assurance House
7 New Bridge Street
Newcastle upon Tyne NE1 8AQ

Auditors' report to the shareholders of

Zimgolf (UK) Limited

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and

Registered Auditors

14 December 1998

ZIMGOLF (UK) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1998

| | Note | 1998 £ | 1997 £ |
|---|------|-----------|-----------|
| Turnover | 2 | 171,629 | 176,135 |
| Cost of sales | | (138,161) | (142,062) |
| Gross profit | | 33,468 | 34,073 |
| Net operating expenses | | | |
| Administrative expenses | | (36,802) | (31,376) |
| Operating (loss)/profit | 3 | (3,334) | 2,697 |
| Investment income | 5 | 1,752 | 1,319 |
| Interest payable | 6 | (5,398) | (3,584) |
| (Loss)/profit on ordinary activities before taxation | | (6,980) | 432 |
| Taxation | 7 | 139 | (139) |
| (Loss)/profit on ordinary activities after taxation | 15 | (6,841) | 293 |
| retained for the year | | | |

Movements in reserves are shown in the notes to the financial statements.

ZIMGOLF (UK) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 September 1998

| | 1998 £ | 1997 £ |
|---|----------------|------------|
| (Loss)/profit for the financial year | (6,841) | 293 |
| Unrealised surplus on revaluation of fixed assets | <u>2,000</u> | <u>-</u> |
| Total losses and gains recognised since last annual report | <u>(4,841)</u> | <u>293</u> |

ZIMGOLF (UK) LIMITED

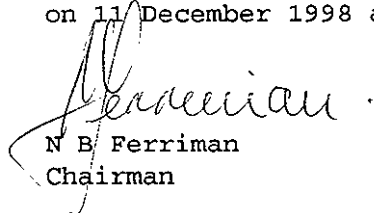
BALANCE SHEET

at 30 September 1998

| | Note | 1998 £ | 1997 £ |
|---|------|----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 8 | 44,256 | 3,146 |
| Current assets | | | |
| Debtors | 10 | 4,348 | 6,294 |
| Cash at bank and in hand | | 23,857 | 54,841 |
| | | <u>28,205</u> | <u>61,135</u> |
| Creditors: amounts falling due within one year | 11 | (31,581) | (36,539) |
| Net current (liabilities)/assets | | <u>(3,376)</u> | <u>24,596</u> |
| Total assets less current liabilities | | 40,880 | 27,742 |
| Creditors: amounts falling due after more than one year | 12 | (18,000) | (20,021) |
| Net assets | | <u>22,880</u> | <u>7,721</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 40,000 | 20,000 |
| Revaluation reserve | 14 | 2,000 | - |
| Profit and loss account | 15 | (19,120) | (12,279) |
| Equity shareholders' funds | | <u>22,880</u> | <u>7,721</u> |

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 5 to 12 were approved by the board of directors on 11 December 1998 and signed on its behalf by:


N B Ferriman
Chairman

ZIMGOLF (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules except for freehold property which is stated at valuation. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

| | |
|------------------------------|---------------------------------|
| Freehold investment property | nil (see below) |
| Motor vehicles | 25% per annum, reducing balance |
| Fixtures and fittings | 20% per annum, straight line |

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Investment properties

In accordance with SSAP19, investment properties are valued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, and no depreciation is provided in respect of freehold or leasehold properties with over 20 years to run. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

2 Turnover

In the opinion of the directors, 100% of the turnover of the company is attributable to geographical markets outside the UK. (1997 100%)

ZIMGOLF (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1998

| | | | |
|---|---|-------------------|-------------------|
| 3 | Operating (loss)/profit | 1998 | 1997 |
| | | £ | £ |
| | Operating (loss)/profit is stated after charging: | | |
| | Auditors' remuneration | 1,500 | 1,500 |
| | | <u> </u> | <u> </u> |
| | Depreciation of tangible fixed assets | | |
| | (note 8) | | |
| | Owned assets | 890 | 1,310 |
| | | <u> </u> | <u> </u> |
| 4 | Directors | 1998 | 1997 |
| | | £ | £ |
| | Directors' emoluments | 856 | 702 |
| | | <u> </u> | <u> </u> |
| 5 | Investment income | 1998 | 1997 |
| | | £ | £ |
| | Interest receivable | 1,752 | 1,319 |
| | | <u> </u> | <u> </u> |
| 6 | Interest payable | 1998 | 1997 |
| | | £ | £ |
| | Interest payable | 5,398 | 3,584 |
| | | <u> </u> | <u> </u> |
| 7 | Taxation | 1998 | 1997 |
| | | £ | £ |
| | Corporation tax on loss on ordinary activities | | |
| | at 22.5% (1997 24.5%) | (140) | 139 |
| | Under provision in earlier years | 1 | - |
| | | <u> </u> | <u> </u> |
| | | (139) | 139 |
| | | <u> </u> | <u> </u> |

Items affecting the tax charge for the year and subsequent years are that there are tax losses available to carry forward amounting to approximately £34,000 (1997 £28,500).

ZIMGOLF (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1998

8 Tangible fixed assets

| Cost or valuation | Land and Buildings £ | Plant and Machinery etc £ | Total £ |
|------------------------|-------------------------------|------------------------------------|---------------|
| 1 October 1997 | - | 8,335 | 8,335 |
| Additions | 40,000 | - | 40,000 |
| Surplus on revaluation | 2,000 | - | 2,000 |
| 30 September 1998 | <u>42,000</u> | <u>8,335</u> | <u>50,335</u> |
| Depreciation | | | |
| 1 October 1997 | - | 5,189 | 5,189 |
| Charge for year | - | 890 | 890 |
| 30 September 1998 | <u>-</u> | <u>6,079</u> | <u>6,079</u> |
| Net book amount | | | |
| 30 September 1998 | <u>42,000</u> | <u>2,256</u> | <u>44,256</u> |
| 1 October 1997 | <u>-</u> | <u>3,146</u> | <u>3,146</u> |

9 Land and buildings

Land and buildings represents the company's freehold investment property.

The property was valued by Bowes Gardner, Chartered Surveyors, on 2 September 1998 on an open market basis at £42,000.

| | 1998 £ | 1997 £ |
|---|---------------|-----------|
| Historical cost information | | |
| Freehold land and buildings - historical cost | <u>40,000</u> | <u>-</u> |

10 Debtors

| | 1998 £ | 1997 £ |
|---------------|--------------|--------------|
| Other debtors | <u>4,348</u> | <u>6,294</u> |
| | <u>4,348</u> | <u>6,294</u> |

ZIMGOLF (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1998

11 Creditors: amounts falling due within one year

| | 1998 £ | 1997 £ |
|------------------------------------|---------------|---------------|
| Bank overdraft | - | 2,224 |
| Trade creditors | 8,364 | 6,029 |
| Corporation tax | - | 139 |
| Other taxation and social security | 674 | 148 |
| Other creditors | 22,543 | 27,999 |
| | <u>31,581</u> | <u>36,539</u> |

12 Creditors: amounts falling due after more than one year

| | 1998 £ | 1997 £ |
|--|---------------|---------------|
| Other creditors - subordinated director's loan | 18,000 | 20,021 |
| | <u>18,000</u> | <u>20,021</u> |

There is no fixed repayment date for the subordinated loan from the director.

13 Called up share capital

| | 1998 | | 1997 | |
|---------------------------------------|---------------------|---------------|---------------------|---------------|
| | Number of shares | £ | Number of shares | £ |
| Authorised | | | | |
| £1 Ordinary Shares | <u>40,000</u> | <u>40,000</u> | <u>20,000</u> | <u>20,000</u> |
| Allotted, called up and fully paid | | | | |
| £1 Ordinary Shares | <u>40,000</u> | <u>40,000</u> | <u>20,000</u> | <u>20,000</u> |

14 Revaluation reserve

| | 1998 £ |
|------------------------|--------------|
| 1 October 1997 | - |
| Surplus on revaluation | <u>2,000</u> |
| 30 September 1998 | <u>2,000</u> |

ZIMGOLF (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1998

15 Profit and loss account

| | 1998 £ |
|----------------------------|-----------|
| 1 October 1997 | (12,279) |
| Retained loss for the year | (6,841) |
| | <hr/> |
| 30 September 1998 | (19,120) |
| | <hr/> |

16 Guarantees and other financial commitments

The company has given a bond to the Civil Aviation Authority for £30,000 (1997 £30,000).

17 Ultimate controlling party

N B Ferriman is the company's ultimate controlling party.

18 Related parties

N B Ferriman maintains a current account with the company. During the year he introduced £3,000 into the company and withdrew £1,173, leaving a balance due to him at the 30 September 1998 of £2,766 (1997 £939).

N B Ferriman also has a subordinated loan to the company of £18,000 (1997 £20,021).

Gross interest amounting to £5,330 (1997 £3,411) was paid to Mr Ferriman during the year.

N B Ferriman has provided a personal guarantee to the bank for £20,000, and he and his wife have assigned life policies to the bank.