

The Professional Golfers' Association Limited

Registration Number: 1861161

Directors' Annual Report and Financial Statements

For the year ended 31 December 2004



The Professional Golfers' Association Limited

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Directors Report

The Directors submit their report and the audited accounts for the year ended 31 December 2004.

Review of Business and Future Developments

The operating results for the year are shown on page 6 of the accounts.

Financial contributions from membership activities were in line with expectations during the year.

The Directors consider that the Company is in a satisfactory financial position at the year end and have approved budgets and funding to meet and service the needs and interests of the members for the coming year.

The Company and PGA European Tour have restructured the shareholding in Ryder Cup Limited, which involves the financial recognition of European player participation in the matches in recent years to directly benefit golf across Europe yet protects the position of The Professional Golfers' Association as the founding partner.

The new arrangement, signed 2 April 2004 means that the management of the event is in future through Ryder Cup Europe LLP, which now owns the whole of the issued share capital of Ryder Cup Limited.

The Professional Golfers' Association Limited has a 20% partnership share in Ryder Cup Europe LLP.

Principal Activity

The principal activity of the Company is to manage the business and affairs of The Professional Golfers' Association.

Directors

The Directors of the Company, all of who have served throughout the year, unless indicated, to 31 December 2004 are:

P.J.Weaver – Chairman
J.T.Christine
P.Hanna
J.Farmer
J.E.Heggarty
D.Huish (resigned 1 April 2004)
J.C.N.Lumb
B.V.White

There are seven members of the Board, each of who shall have been duly elected by each of the seven regions of the Association in UK and Eire.

Charitable and Other Donations

Donations made during the year by the Company for charitable purposes of £21k include contributions to the Golf Foundation of £15k, Duke of Edinburgh Award scheme of £2k and £1k to defray the costs of audit of the Professional Golfers' Association Benevolent Fund.

Results

The profit for the year of £375k (2003: £1,285k) has been transferred to reserves.

Directors Report – continued

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:

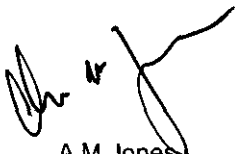
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP, as auditors of the Company will be proposed at the annual general meeting.

By order of the Board



A.M. Jones
Company Secretary
22 February 2005

Independent auditors' report to the members of the Professional Golfers' Association

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

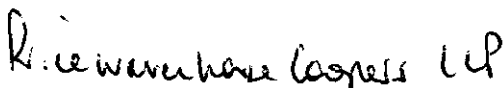
Basis of audit opinion

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 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 at 31 December 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
24 February 2005

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Income	2	9,891	10,420
Operating Costs		(9,430)	(9,529)
Operating Profit		461	891
Profit on Investments	4	24	60
Investment Income	5	65	30
Interest Payable and Similar Charges	6	(12)	(14)
Profit on Ordinary Activities Before Taxation	7	538	967
Taxation			
UK Corporation tax net credit on profits for the period	8	1	12
Deferred Tax	8	(164)	306
Profit for the Year	17	375	1,285

All amounts relate to continuing operations.

The difference between the profit on ordinary activities before taxation and the results for the years stated above and their historical cost equivalents are set out in note 22 to the financial statements.

The company has no recognised gains or losses other than the profit for the financial year and, therefore, no separate statement of total recognised gains and losses has been presented.

Movements on reserves are set out in note 17 to the financial statements.

The notes on pages 11 to 19 form part of these financial statements.

BALANCE SHEET
at 31 December 2004

	Notes	2004 £000	2004 £000	2003 £000 as restated	2003 £000 as restated
Fixed Assets					
Tangible assets	10a		1,227		1,180
Memorabilia	10d		234		229
Investments	11		25		25
Listed Investments	1&12		724		700
			<u>2,210</u>		<u>2,134</u>
Current Assets					
Debtors - amounts due within one year	13	1,290		2,196	
Debtors - amounts due after more than one year	14	344		520	
Short Term Deposits	1	1,900		650	
Cash at bank and in hand		212		170	
		<u>3,746</u>		<u>3,536</u>	
Creditors					
Amounts falling due within one year	15	(2,920)		(2,941)	
Net Current Assets			826		595
Total Assets Less Current Liabilities			<u>3,036</u>		<u>2,729</u>
Creditors					
Amounts falling due after more than one year	16		-		(68)
Net Assets			<u>3,036</u>		<u>2,661</u>
Reserves					
	17		<u>3,036</u>		<u>2,661</u>

Approved by the Board on 22 February 2005

P.J.WEAVER

J.T.CHRISTINE

Directors

The notes on pages 11 to 19 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 December 2004

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2004 £000	2003 £000
Operating Profit	461	891
Depreciation charges	233	222
Amortisation of prepaid trademark expenditure	12	13
Decrease/(Increase) in debtors	906	(1,192)
Increase in creditors	49	700
Other non cash movements	-	(23)
Net cash inflow from operating activities	<u>1,661</u>	<u>611</u>

Cash Flow Statement

Net cash inflow from operating activities	1,661	611
Returns on investment and servicing of finance (Note 1a)	53	15
Capital expenditure (Note 1b)	(285)	(254)
Management of liquid resources (Note 1c)	-	14
	<u>1,429</u>	<u>386</u>
Financing (Note 1d)	(134)	(92)
Net cash inflow	<u>1,295</u>	<u>294</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

Increase in cash in period	1,295	294
Cash to repurchase loans and repay finance leases/new loans	134	92
Cash used to increase liquid resources	-	(14)
Change in net debt resulting from cash flows	<u>1,429</u>	<u>372</u>
Non cash movement in loans and finance leases	-	23
Non cash movement in current asset investments	24	60
Change in net debt	<u>1,453</u>	<u>455</u>
Net funds at 1 January	1,359	904
Net funds at 31 December	<u>2,812</u>	<u>1,359</u>

CASH FLOW STATEMENT - continued
for the year ended 31 December 2004

	2004	2003
	£000	£000
Notes to Cash Flow Statement		
Note 1 - Gross cash flows		
(a) Returns on investments and servicing of finance		
Interest Received	40	7
Investment income	25	23
Interest paid	(9)	(12)
Interest element of finance lease rental payments	(3)	(3)
	<u>53</u>	<u>15</u>
(b) Capital expenditure		
Payments to acquire tangible fixed assets	(285)	(254)
	<u>(285)</u>	<u>(254)</u>
(c) Management of liquid resources		
Purchase of investments	(84)	(107)
Receipts from sales of investments	84	121
	<u>-</u>	<u>14</u>
(d) Financing		
Reduction in long term loans	(112)	(70)
Capital element of finance lease rental payments	(22)	(22)
	<u>(134)</u>	<u>(92)</u>

CASH FLOW STATEMENT - continued
for the year ended 31 December 2004

Notes to Cash Flow Statement - continued

Note 2 - Analysis of Changes in Net Funds

	At 1 Jan 2004 £000 as restated	Cash Flows £000	Other Changes See note 3 £000	At 31 Dec 2004 £000
Cash at bank and in hand	170	42	-	212
Short term deposits	650	1,250	-	1,900
Overdrafts	(11)	3	-	(8)
	809	1,295	-	2,104
Debt due within one year: finance leases	(21)	21	(16)	(16)
Debt due within one year: loans	(61)	61	-	-
	(82)	82	(16)	(16)
Debt due after one year: finance leases	(16)	-	16	-
Debt due after one year: loans	(52)	52	-	-
	(68)	52	16	-
Listed Investments	700	-	24	724
TOTAL	1,359	1,429	24	2,812

Note 3 - Major non cash transactions

- a) Other changes in finance leases consist of reclassifications from debt due after one year to debt to due within one year.
- b) The other change in current asset investments represents gains and losses on disposal of investments during the year and the change in market value below the cost of investments as stated in note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards in the United Kingdom.

Financial Reporting Standard 18 "Accounting Policies" requires the Board to consider whether the accounting policies adopted in the financial statements are those judged to be the most appropriate to the company's circumstances, and revised regularly and changed as appropriate. Having reviewed the Group's accounting policies the Board are satisfied they are the most appropriate.

(b) Accounting preparation

In accordance with Section 248 of the Companies Act 1985 the Company has taken advantage of the exemption not to prepare consolidated financial statements. The financial statements present information about The Professional Golfers' Association Limited as an individual undertaking only.

(c) Income

Income is stated net of value added tax and represents monies receivable during the year. Income received specific to tournaments is included in the accounts in the year that the event is staged. Subscription, training, sponsorship and licence fee income is included in the year to which the revenue relates.

(d) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated to write off their cost or revalued amount at the following annual rates:

Freehold properties	2.5%
Leasehold properties	remaining balance on lease
Motor vehicles	25%
Tournament equipment	15%
Furniture and office equipment	15%
Computer hardware	20%
Computer software	20% to 33%

(e) Memorabilia

Memorabilia are stated in the financial statements at a valuation carried out in 1996 with subsequent additions stated at cost. No depreciation is provided on memorabilia. It is the Company's practice to maintain these assets in a continual state of sound repair. Accordingly, the Directors consider that the lives of these assets and residual values are such that their depreciation is insignificant, independent valuations since 1996 support this view. Memorabilia are subject to annual impairment reviews as set out in Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill".

(f) Trademarks

Costs incurred in establishing PGA trademarks are included as prepaid trademark expenses and disclosed as amounts due within one year or more than one year as appropriate. Such amounts are amortised over a period of 20 years.

(g) Taxation

Provision is made in the accounts for any deferred taxation which it is considered will crystallise in the foreseeable future. *Deferred tax assets and liabilities are recognised only when it is considered more likely than not that the company will make sufficient taxable profits in future for the reversal of timing difference to affect the amount of tax actually paid.* Deferred tax assets and liabilities recognised are not discounted.

NOTES TO THE FINANCIAL STATEMENTS - continued**(h) Pension costs**

The Company operates a pension scheme of the defined contribution type with contributions to the scheme being made on the advice of qualified actuaries to achieve target benefits. In accordance with Financial Reporting Standard 17 "Post retirement benefits", the profit and loss account charge represents the contributions payable to the scheme. The Company provides no other post-retirement benefits to its employees.

(i) Leases

Furniture, office equipment and computer hardware acquired on finance leases are stated at their fair value at the date of acquisition, with an equivalent liability being included in creditors as the net obligation due under finance leases. Such assets are depreciated in accordance with note 1(d) or over the term of the lease if shorter. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the Outstanding liability to the finance companies.

(j) Investments in group undertakings, joint ventures, participating interests and trade investments.

The investments in the group undertakings, PGA Golf Management Limited and The British Professional Golf Tour Limited have been stated at cost.

(k) Listed Investments

Listed Investments are stated at cost or market values whichever is lower. Such investments are recognised as Fixed Assets rather than Current Assets reflecting the longer term investment strategy of The Professional Golfers' Association Limited. Prior year comparatives have been restated accordingly. Profits and losses on sales of investments are measured by reference to original cost.

(l) Barter Transactions

Where the company enters into non cash transactions with third parties an estimate is made of the value of the benefit received by the company. An amount of £606k. (2003: £620k) is included within miscellaneous income and a corresponding amount included in operating costs.

(m) Foreign Currency Transactions

Foreign currency assets and liabilities have been translated into sterling at the rates of exchange ruling at the year end or, where appropriate, the forward cover rate. Exchange differences arising on transactions during the year are dealt with through the profit and loss account.

(n) Short Term Deposits

Short term deposits are recognised separately within current assets to reflect the difference in liquidity between such deposits and Cash at bank and in hand. Prior year comparatives have been restated accordingly.

	2004 £000	2003 £000
2. Income		
Subscriptions	1,566	1,462
Tournament income and training fees	5,546	5,220
Miscellaneous income	2,684	3,648
Donation from the Royal and Ancient Golf Club	95	90
	<u>9,891</u>	<u>10,420</u>
3. Segmental Reporting		
The analysis of income by geographical area is as follows:		
United Kingdom and Ireland	9,881	10,315
Rest of the World	10	105
	<u>9,891</u>	<u>10,420</u>
4. Profit on Investments		
Loss on Sale of Investments	(2)	(29)
Increase in Market Value of Investments below cost	26	89
	<u>24</u>	<u>60</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

	2004 £000	2003 £000
5. Investment Income		
Interest on short term deposits	40	7
Income from listed investments	25	23
	<u>65</u>	<u>30</u>
6. Interest Payable and Similar Charges		
Bank loan & overdraft interest	9	11
Finance lease charges	3	3
	<u>12</u>	<u>14</u>
7. Profit on Ordinary Activities Before Taxation		
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible owned fixed assets	220	198
Depreciation of assets held under finance leases	13	24
Amortisation of prepaid trademark costs	12	13
Auditors' remuneration - audit services	25	25
- non audit services	11	24
	<u>281</u>	<u>284</u>
8. Taxation		
Current Tax:		
UK Corporation tax credit for the period	1	12
Deferred Tax:		
Origination and reversal of timing differences	(164)	306
	<u>(163)</u>	<u>318</u>
Tax (charge)/credit on profit on ordinary activities		
	<u>(163)</u>	<u>318</u>
The current tax credit represents:		
Profit on ordinary activities before taxation	<u>538</u>	<u>967</u>
The tax assessed for the period is equal to the corporation tax rate applying in the UK.		
The differences are explained below:		
(Charge) on ordinary activities at the UK tax rate 30% (2003: 30%)	(161)	(290)
Effects of:		
Expenses not deductible for tax purposes	(12)	(22)
Accelerated capital allowances & other timing differences	159	312
Adjustments to tax charge in respect of previous period	15	12
	<u>1</u>	<u>12</u>
Total current tax credit	<u>1</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

	2004 £000	2003 £000
9. Employees		
Staff costs comprise:		
Wages and salaries	1,979	1,957
Social security costs	233	220
Other pension costs	147	146
	<u>2,359</u>	<u>2,323</u>

The average monthly number employed by the company within each category of persons was:

	No.	No.
Administration	66	61
Tournaments	28	30
	<u>94</u>	<u>91</u>

The above figures do not include Directors.

	£000	£000
Directors emoluments		
Aggregate emoluments	<u>18</u>	<u>18</u>

10. Tangible Fixed Assets

	Total £000	Freehold Property £000	Leasehold Property £000	Motor Vehicles £000	Tournament Equipment £000	Furniture/ Computer Equipment £000
(a) Cost or Valuation						
At 1 January 2004	2,679	275	312	30	398	1,664
Additions	280	9	-	22	20	229
Disposals	(65)	-	-	-	(65)	-
At 31 December 2004	<u>2,894</u>	<u>284</u>	<u>312</u>	<u>52</u>	<u>353</u>	<u>1,893</u>
Depreciation						
At 1 January 2004	1,499	7	32	14	272	1,174
Amount Provided	233	7	17	3	37	169
Disposals	(65)	-	-	-	(65)	-
At 31 December 2004	<u>1,667</u>	<u>14</u>	<u>49</u>	<u>17</u>	<u>244</u>	<u>1,343</u>
Net Book Amounts						
At 31 December 2004	<u>1,227</u>	<u>270</u>	<u>263</u>	<u>35</u>	<u>109</u>	<u>550</u>
At 31 December 2003	<u>1,180</u>	<u>268</u>	<u>280</u>	<u>16</u>	<u>126</u>	<u>490</u>

NOTES TO THE FINANCIAL STATEMENTS - continued**(b) Valuation**

(i) Freehold Property - 43 Bircholt Road, Hampshire, valuation amount: £275k.

The valuation was carried out by Kelway Law Estate Agents during January 2003 on the basis of achievable proceeds if the property was sold on the open market with no deduction for expected selling costs.

(ii) Leasehold Property - 6 Greenhill Court, Sutton Coldfield, valuation amount: £162.5k.

The valuation was carried out by Acres Estate Agents during February 2003 on the basis of achievable proceeds if the property was sold on the open market with no deduction for expected selling costs.

Both Kelsey Law Estate Agents and Acres Estate Agents are independent of The Professional Golfers' Association Limited. No deferred tax is provided on timing differences arising from the revaluation of fixed assets since, by the balance sheet date a binding commitment to sell the assets has not been entered into.

(iii) The remaining values within Leasehold property reflect the costs of the new Scottish Office incurred in 2001. The directors are not aware of any material change that has occurred and therefore is stated at cost.

If the revalued assets were stated on the historical cost basis the amounts would be as follows:

	2004 £000	2003 £000
Freehold property		
Cost	167	167
Accumulated depreciation	(30)	(25)
	<u>137</u>	<u>142</u>

Leasehold property		
Cost	198	198
Accumulated depreciation	(89)	(70)
	<u>109</u>	<u>128</u>

(c) Included in note 10(a) above are assets held under finance leases as follows:

Furniture/Computer Equipment

Cost	-	54
Accumulated depreciation	-	(43)
	<u>-</u>	<u>11</u>

Tournament Equipment

Cost	87	87
Accumulated depreciation	(47)	(34)
	<u>40</u>	<u>53</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

	2004	2003
	£000	£000
(d) Memorabilia		
Value at 1 January	229	226
Additions during year	5	3
Value at 31 December	<u>234</u>	<u>229</u>

The historic cost of memorabilia is £84k.

11. Investments in Group Undertakings, Joint Ventures and Other Participating Interests

The following investments, in the opinion of the Directors, principally affect the results and assets of the Company.

	2004	2003
(i) PGA Golf Management Limited		
Number of A-Ordinary shares of £1 each at cost	25,000	25,000
Percentage of total nominal shares held	100%	100%
Aggregate called up share capital and reserves (£000's)	(149)	(162)
Profit for the year ended 31 December (£000's)	13	24

Golf course development consultancy, management consultancy and management contracting.

	2004	2003
(ii) The British Professional Golf Tour Limited		
Number of Ordinary shares of £1 each at cost	100	100
Percentage of total nominal shares held	100%	100%
Aggregate called up share capital and reserves (£000's)	(243)	(264)
Profit for the year ended 31 December (£000's)	21	9

Promotion, managing and staging of the British Professional Golf Tour.

(iii) The investment of £1 previously held in Ryder Cup Limited was relinquished under a restructuring agreement dated 2 April 2004, and is therefore no longer held as an investment. Under a replacement agreement on the same date The Professional Golfers' Association Limited acquired a 20% share in Ryder Cup Europe LLP, the owner of 100% equity in Ryder Cup Limited.

(iv) The Professional Golfers' Association Limited also holds 100% of the share capital of PGA Travel Limited, WPGA Limited and PGA Holdings Limited, all of which are dormant companies.

(v) The above companies are incorporated in England and Wales and operate principally in their country of incorporation.

(vi) The information disclosed above for 2003 has been extracted from statutory accounts. The 2004 information has been extracted from unaudited management accounts for PGA Golf Management Limited and from audited accounts in respect of The British Professional Golf Tour Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued

	2004 £000	2003 £000
12. Listed Investments		
At cost		
At 1 January	861	905
Additions	84	107
Disposals	(87)	(151)
At 31 December	858	861
Unrealised loss	(134)	(161)
At market value	724	700
13. Debtors - amounts due within one year		
Trade debtors	355	681
Amounts due from group undertakings	172	1,072
Other debtors	441	218
Prepaid trademark expenditure	13	13
Prepaid expenses	309	212
	1,290	2,196
14. Debtors - amounts due after more than one year		
Prepaid trademark expenditure	164	176
Deferred tax	180	344
	344	520
15. Creditors - amounts falling due within one year		
Bank overdraft	8	11
Bank loan	-	14
Amounts payable to group undertakings	4	8
Trade creditors	330	478
Net obligations under finance leases	16	22
Other taxes and social security	315	411
Other third party loans	-	47
Other creditors	146	35
Accruals and deferred income	2,101	1,915
	2,920	2,941

NOTES TO THE FINANCIAL STATEMENTS - continued

	2004 £000	2003 £000
16. Creditors - amounts falling due after more than one year		
Bank loan	-	52
Net obligations under finance leases	-	16
	<u>-</u>	<u>68</u>

The repayment of the above amounts is as follows:

After one year but within two years	-	16
After two years but within five years	-	-
After five years	-	52

17. Movements in Reserves

	Revaluation Reserve £000	Profit & loss Account £000	Total £000
At 1 January 2004	430	2,231	2,661
Profit for year	-	375	375
At 31 December 2004	<u>430</u>	<u>2,606</u>	<u>3,036</u>

18. Future Capital Expenditure

There were no commitments in respect of contracts placed at 31 December 2004 (2003- £54k).

19. Related Party Transactions

During the year, transactions involving Ryder Cup Limited totalled £1,274k (2003: £1,868k). This amount consisted of management fees of £875k (2003: £1,525k) and the net amount of income received and costs borne by The Professional Golfers' Association Limited and subsequently recharged of £400k (2003: £343k). As at 31 December 2004, £33k (2003: £1,038k) was outstanding.

During the year, transactions involving The British Professional Golf Tour Limited totalled £22k (2003: £41k), which related to income received by The British Professional Golf Tour Limited on behalf of The Professional Golfers' Association Limited and a payment of £21k to reduce the outstanding debt.

As at 31 December 2004, £248k (2003: £269k) remained unpaid from the debt owed to The Professional Golfers' Association Limited, which is fully provided for in these accounts.

An amount of £4k (2003: £3k) is owed to The British Professional Golf Tour Limited by The Professional Golfers' Association Limited at the year end.

During the year, transactions involving PGA Golf Management Limited totalled £10k (2003: £31k). This amount consisted of costs borne by The Professional Golfers' Association Limited and subsequently recharged.

The Professional Golfers' Association Limited settled an outstanding loan for an amount of £108k with Royal Bank of Scotland on behalf of PGA Golf Management Limited.

An amount of £172k (2003: £34k) is owed by PGA Golf Management Limited to The Professional Golfers' Association at the year end.

NOTES TO THE FINANCIAL STATEMENTS - continued**19. Related Party Transactions - continued**

During the year, transactions involving directors of The Professional Golfers' Association Limited totalled £2k (2003: Nil). This amount was for services rendered in respect of training.

20. Contingent Liabilities

The Directors consider there are no contingent liabilities.

21. Capital

The company is limited by guarantee. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31st December 2004 is £7k (2003: £7k).

22. Historical Cost Comparison

	2004	2003
	£000	£000
Profit on ordinary activities before taxation	<u>538</u>	<u>967</u>
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	1	1
Historical cost profit on ordinary activities before taxation	<u>539</u>	<u>968</u>
Historical cost profit on ordinary activities after taxation	<u>376</u>	<u>1,286</u>