

The Professional Golfers Association Limited

Annual Report and Accounts for the

Year ended 31 December 1999

Registered Company Number 1861161



## OFFICERS

**Patron** Her Majesty The Queen  
**Chairman** P.J. Weaver  
**Captain** A.H. Walker  
**Captain-Elect** D.C. Thomas  
**Registered Office and  
National Headquarters** Centenary House, The Belfry, Sutton Coldfield  
West Midlands B76 9PT  
**Chief Executive** Sandy Jones

**Registered No.** 1861161

**Auditors** PricewaterhouseCoopers  
Temple Court  
35 Bull Street  
Birmingham B4 6JT

**Solicitors** Osborne Clarke OWA  
50 Queen Charlotte Street  
Bristol BS1 4HE

**Bankers** Lloyds Bank plc  
14 High Street  
Sutton Coldfield  
B72 1UZ

**Brokers** Tilney Investment Management  
130 St Vincent Street  
Glasgow  
G2 5SE

**Insurance** Marsh Financial Services Limited  
Tricorn House  
51-53 Hagley Road  
Birmingham B16 8TP

seven



# MEMBERSHIP

Year	Number of Qualified Members	Registered Trainees	TOTAL
1990	3356	834	4290
1991	3457	1078	4535
1992	3585	1237	4822
1993	3738	1339	5077
1994	3908	1379	5287
1995	4127	1357	5484
1996	4386	1316	5702
1997	4690	1292	5982
1998	4819	1287	6106
1999	5015	1190	6205

The Membership of the Association continues to increase in terms of both the qualified Membership and the number of registered trainees entering Professional golf. For the first time towards the end of 1998 the total Membership exceeded 6,000.

## Membership 1999

Region	A&AT	B	C	D	F	I	O	R	S	HON	MEMBERS	T	TOTAL
East	283	181	1	11	3	5	0	3	0	31	518	157	675
Irish	173	44	3	11	2	0	0	2	0	28	263	81	344
Midland	325	172	6	3	3	1	0	0	2	29	541	161	702
North	460	183	7	8	6	2	0	12	1	51	730	255	985
Scottish	239	114	9	9	1	2	0	9	0	21	404	115	519
South	454	378	9	4	18	2	0	2	0	75	942	269	1211
West	266	143	9	2	3	1	0	2	0	31	457	106	563
Overseas	718	201	0	0	4	1	60	4	1	60	1049	24	1073
WPGA	34	35	35	2	0	0	1	0	0	4	111	22	133
TOTAL	2952	1451	79	50	40	14	61	34	4	330	5015	1190	6205



## **DIRECTORS' REPORT**

The Directors submit their report and the audited accounts for the year ended 31 December 1999.

### **Review of the Business and Future Developments**

The operating results for the year are shown on page 16 of the accounts.

The Directors consider the state of the Company's affairs at 31 December 1999 to be satisfactory and are confident that the Company is in a sound financial position to meet and serve the interests of the members in the coming year. Further information is given in the Chairman's and Chief Executive's messages.

### **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 whom have served throughout the year (except where stated otherwise), at 31 December 1999 were:

P.J. Weaver - Chairman  
W.B. Anderson - resigned 29 March 1999  
N.H. Blenkarn  
J.T. Christine  
G.P. Egan  
J. Farmer - appointed 29 March 1999  
J.E. Heggarty  
D. Huish  
B.V. White

There are eight members of the Board, seven of whom shall have been duly nominated and elected by each of the seven Regions of the Association.

### **Investments**

During 1999, sales of investments resulted in a book profit of £141,086. The proceeds from these sales were reinvested in new shares.

### **Benevolent Fund**

On 19 May 1999, the Benevolent Fund became a registered charity. The requirement to prepare separate audited accounts for charities means that figures relating to the Benevolent Fund will no longer be included as part of this Annual Report.



**DIRECTORS' REPORT - continued**

**Charitable and Other Donations**

Donations made during the year by the Company for charitable purposes include £10,000 to the Golf Foundation and £15,000 to the Duke of Edinburgh's Award scheme.

A further donation of £5,000 was made to the Faldo Junior Scheme which is not a registered charity.

**Year 2000**

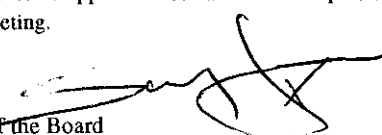
The company is in the process of replacing much of its computer software and believes that the potential risks and uncertainties associated with the year 2000 problem will not affect its business and operations.

**Results**

The loss for the year of £127,302 (1998: £126,214) has been transferred from reserves.

**Auditors**

A resolution to re-appoint PricewaterhouseCoopers as auditors to the Company will be proposed at the Annual General Meeting.

  
By order of the Board  
SANDY JONES  
Company Secretary  
8 March 2000



**PROFIT AND LOSS ACCOUNT**

*for the year ended 31 December 1999*

	<i>Notes</i>	<b>1999</b> £	<b>1998</b> £
<b>Income</b>	2	8,139,455	7,752,587
<b>Operating Costs</b>			
Administrative Expenses		(8,433,628)	(8,148,047)
<b>Operating Loss</b>		(294,173)	(395,460)
<b>Profit on Sale of Investments</b>		141,086	204,176
<b>Investment Income</b>	3	57,545	73,256
<b>Interest Payable and Similar Charges</b>	4	(31,760)	(8,186)
<b>Loss on Ordinary Activities Before Taxation</b>	5	(127,302)	(126,214)
<b>Taxation</b>	6	—	—
<b>Loss for the Year</b>	15	<u>(127,302)</u>	<u>(126,214)</u>

All amounts relate to continuing operations.

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

There is no difference between the loss on ordinary activities before taxation and the results for the years stated above and their historical cost equivalents.

Movements on reserves are set out in note 15 to the financial statements.

The notes on pages 22 to 29 form part of these financial statements.



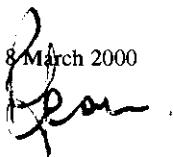
## BALANCE SHEET

at 31 December 1999

	Notes	£	1999 £	£	1998 £
<b>Fixed Assets</b>					
Tangible assets	8a		719,529		696,707
Memorabilia	8c		184,151		162,151
Investments	9		37,600		37,600
			<u>941,280</u>		<u>896,458</u>
<b>Current Assets</b>					
Debtors	10	1,506,525		1,203,987	
Debtors – amounts due after more than one year	11	418,121		160,360	
Investments	12	964,275		786,976	
Cash at bank and in hand		<u>46,858</u>		<u>9,486</u>	
		2,935,779		2,160,809	
<b>Creditors</b>					
Amounts falling due within one year	13	(1,909,248)		(850,018)	
		(1,909,248)		(850,018)	
<b>Net Current Assets</b>			1,026,531		1,310,791
<b>Total Assets Less Current Liabilities</b>			1,967,811		2,207,249
<b>Creditors</b>					
Amounts falling due after more than one year	14		(239,133)		(351,269)
<b>Net Assets</b>			<u>1,728,678</u>		<u>1,855,980</u>
<b>Reserves</b>	15		<u>1,728,678</u>		<u>1,855,980</u>

Approved by the Board on 8 March 2000

P.J. WEAVER  
D. HUIISH  
Directors



The notes on pages 22 to 29 form part of these financial statements.



## C A S H F L O W S T A T E M E N T

*for the year ended 31 December 1999*

### Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow from Operating Activities

	1999	1998
	£	£ <i>Restated See Note 1(e)</i>
Operating loss	(294,173)	(395,460)
Depreciation charges	174,091	143,552
Amortisation of prepaid trademark expenditure	11,546	4,076
Loss/(profit) on the sale of fixed assets	28,316	(7,150)
(Increase)/decrease in debtors	(571,845)	326,633
Increase in creditors	111,167	78,322
Other non cash movement (see note 3a)	(50,000)	—
Net cash (outflow)/inflow from operating activities	<u>(590,898)</u>	<u>149,973</u>

### Cash Flow Statement

	1999	1998
	£	£ <i>Restated See Note 1(e)</i>
Net cash (outflow)/inflow from operating activities	(590,898)	149,973
Returns on investment and servicing of finance (Note 1a)	25,785	65,070
Capital expenditure (Note 1b)	(208,216)	(428,829)
Management of liquid resources (Note 1c)	(36,213)	56,312
	<u>(809,542)</u>	<u>(157,474)</u>
Financing (Note 1d)	(46,979)	96,176
Net cash outflow	<u>(856,521)</u>	<u>(61,298)</u>





**CASH FLOW STATEMENT** – *continued*  
*for the year ended 31 December 1999*

**Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<i>Restated See Note 1(e)</i> <b>£</b>
Decrease in cash in period	(856,521)	(61,298)
Cash to repurchase loans and repay finance leases/new loans	46,979	(96,176)
Cash used to increase/(decrease) liquid resources	<u>36,213</u>	<u>(56,312)</u>
Change in net debt resulting from cash flows	(773,329)	(213,786)
Non cash movement in loans and finance leases	10,987	(262,670)
Non cash movement in current asset investments	<u>141,086</u>	<u>204,176</u>
Change in net debt	(621,256)	(272,280)
Net funds at 1 January	398,218	670,498
Net (debt)/funds at 31 December	<u>(223,038)</u>	<u>398,218</u>



**CASH FLOW STATEMENT** – *continued*  
*for the year ended 31 December 1999*

**Notes to Cash Flow Statement**

**Note 1 – Gross cash flows**

	1999	1998
	£	Restated See Note 1(e) £
(a) Returns on investments and servicing of finance		
Interest received	8,733	30,363
Investment income	48,812	42,893
Interest paid	(22,553)	(1,621)
Finance lease charges	(9,207)	(6,565)
	<u>25,785</u>	<u>65,070</u>
(b) Capital expenditure		
Payments to acquire tangible fixed assets	(209,216)	(451,479)
Receipts from the sale of tangible fixed assets	1,000	22,650
	<u>(208,216)</u>	<u>(428,829)</u>
(c) Management of liquid resources		
Purchase of investments	(774,477)	(280,714)
Receipts from sales of investments	738,264	337,026
	<u>(36,213)</u>	<u>56,312</u>
(d) Financing		
(Reduction in long term loans)/new loans	(14,028)	135,574
Capital element of finance lease rental payments	(32,951)	(39,398)
	<u>(46,979)</u>	<u>96,176</u>

(e) In the current year, the analysis of net debt/(funds) includes the bank loan and De Vere loan (notes 13 and 14). The comparative amounts have been amended to reflect this revised classification. This reduced comparative 'net funds' by £301,110 and the comparative movement in creditors by £135,574. There has also been a restatement of the comparatives in notes 1b and 1d to reflect non cash movements of £97,134 in tangible fixed assets.



**CASH FLOW STATEMENT** - *continued*  
*for the year ended 31 December 1999*

**Note 2 – Analysis of Changes in Net Funds/(Debt)**

	At 1 Jan 99 <i>Restated Note 1(e)</i>	Cash flows	Other changes See note 3	At 31 Dec 99
	£	£	£	£
Cash in hand, at bank	9,486	37,372	–	46,858
Overdrafts	–	(893,893)	–	(893,893)
	<u>9,486</u>	<u>(856,521)</u>	<u>–</u>	<u>(847,035)</u>
Debt due within one year: finance leases	(32,947)	32,951	(37,121)	(37,117)
Debt due within one year: loans	(14,028)	14,028	(64,028)	(64,028)
	<u>(46,975)</u>	<u>46,979</u>	<u>(101,149)</u>	<u>(101,145)</u>
Debt due after one year: finance leases	(64,187)	–	37,121	(27,066)
Debt due after one year: loans	(287,082)	–	75,015	(212,067)
	<u>(351,269)</u>	<u>–</u>	<u>112,136</u>	<u>(239,133)</u>
Current asset investments	786,976	36,213	141,086	964,275
TOTAL	<u>398,218</u>	<u>(773,329)</u>	<u>152,073</u>	<u>(223,038)</u>

**Note 3 – Major non cash transactions**

(a) The other non cash movement in the Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow from Operating Activities relates to a reduction on the De Vere loan taken directly to income in respect of licence fees in connection with the PGA National Golf course.

(b) Other changes in finance leases and loans are reclassifications from debt due after one year to debt due within one year. The net difference of £10,987 represents an increase in the loan of £39,013 and a non cash reduction in the balance due of £50,000 (see note 3a).

(c) The other change in current asset investments represents a gain on disposal of investments during the year which were immediately reinvested.



## 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.

#### (b) Income

This 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.

#### (c) Depreciation of tangible fixed assets

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

Freehold properties	2½%
Leasehold properties	5%
Motor vehicles	25%
Tournament equipment	25%
Furniture and office equipment	15%
Computer equipment	20%
Computer software	20%

#### Depreciation of memorabilia

No depreciation is provided on the revalued 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 (based on their valuation) are such that their depreciation is insignificant.

#### (d) 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.

#### (e) Taxation

Provision is made in the accounts for any deferred taxation which it is considered will crystallise in the foreseeable future. Certain elements of income and expenditure do not fall within the scope of United Kingdom corporation tax.

#### (f) 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 Statement of Standard Accounting Practice No. 24, the profit and loss account charge represents the contributions payable to the scheme. The Company provides no other post-retirement benefits to its employees.

#### (g) Leases

Furniture and equipment 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(c) 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.

#### (h) Basis of consolidation

These financial statements have been prepared under Section 248 Companies Act 1985. This section allows for parent companies of medium sized groups not to prepare group financial statements.

The investments in the group undertakings, PGA Golf Management Limited, Ryder Cup Limited and participating interest in BGIA Exhibitions Limited have been stated at cost.



## NOTES TO THE FINANCIAL STATEMENTS – continued

### 2. Income

	1999	1998
	£	£
Subscriptions and registration fees	1,198,632	1,136,814
Tournament income and training fees	5,474,856	5,595,761
Commissions on PGA products and miscellaneous income	1,390,967	945,012
Donation from the Royal and Ancient Golf Club	75,000	75,000
	<u>8,139,455</u>	<u>7,752,587</u>

### 3. Investment Income

Interest on short term deposits	8,733	30,363
Income from listed current asset investments	48,812	42,893
	<u>57,545</u>	<u>73,256</u>

### 4. Interest Payable and Similar Charges

Bank overdraft interest	22,553	1,621
Finance lease charges	9,207	6,565
	<u>31,760</u>	<u>8,186</u>

### 5. Loss on Ordinary Activities Before Taxation

The loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation of tangible owned fixed assets	157,995	127,456
Depreciation of assets held under finance leases	16,096	16,096
Amortisation of prepaid trademark costs	11,546	4,076
Contract hire charges – note (a)	184,622	88,830
Loss/(Profit) on sale of fixed assets	28,316	(7,150)
Auditors' remuneration	<u>18,000</u>	<u>18,000</u>

Note (a) – In 1998, the company entered into an agreement with the Peugeot Motor Company whereby it is supplied with a fleet of motor vehicles in return for providing a package of sponsorship and corporate hospitality opportunities. The Financial Statements include miscellaneous income and contract hire charges of £180,782 which represents the market value of this transaction based upon the cost of an arms length contract hire arrangement over a period of twelve months.



## NOTES TO THE FINANCIAL STATEMENTS – continued

### 6. Taxation

There was no taxation charge in respect of the year ended 31 December 1999 (1998 – £Nil).

### 7. Employees

	1999 £	1998 £
(a) Staff costs comprise:		
Wages and salaries	1,522,410	1,330,383
Social security costs	143,910	130,992
Other pension costs	114,338	90,806
	<u>1,780,658</u>	<u>1,552,181</u>

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

Administration	54	52
Tournament	35	33
	<u>89</u>	<u>85</u>

The above figures do not include Directors.

Directors emoluments

Aggregate emoluments	<u>18,465</u>	<u>17,108</u>
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**NOTES TO THE FINANCIAL STATEMENTS – continued**

**8. Tangible Fixed Assets**

	Total £	Freehold Property £	Long Leasehold Property £	Motor Vehicles £	Tournament Equipment £	Furniture/ Computer Equipment £
<b>(a) Cost</b>						
At 1 January 1999	1,606,351	166,500	98,172	28,835	278,917	1,033,927
Additions	226,229	–	–	–	37,104	189,125
Disposals	(296,749)	–	(58,627)	–	(64,129)	(173,993)
At 31 December 1999	<u>1,535,831</u>	<u>166,500</u>	<u>39,545</u>	<u>28,835</u>	<u>251,892</u>	<u>1,049,059</u>
<b>Depreciation</b>						
At 1 January 1999	909,644	4,162	55,017	9,710	270,224	570,531
Amount Provided	174,091	4,163	1,977	7,209	17,119	143,623
Disposals	(267,433)	–	(29,311)	–	(64,129)	(173,993)
At 31 December 1999	<u>816,302</u>	<u>8,325</u>	<u>27,683</u>	<u>16,919</u>	<u>223,214</u>	<u>540,161</u>
<b>Net Book Values</b>						
At 31 December 1999	<u>719,529</u>	<u>158,175</u>	<u>11,862</u>	<u>11,916</u>	<u>28,678</u>	<u>508,898</u>
At 31 December 1998	<u>696,707</u>	<u>162,338</u>	<u>43,155</u>	<u>19,125</u>	<u>8,693</u>	<u>463,396</u>

(b) Included in Furniture/Computer Equipment are assets held under finance leases as follows:

	1999 £	1998 £
Cost	107,309	107,309
Accumulated depreciation	<u>(32,192)</u>	<u>(16,096)</u>
	<u>75,117</u>	<u>91,213</u>

(c) The memorabilia, which the Company owns, was last valued independently as at 31 December 1998 for insurance valuation purposes. This valuation was undertaken by Bonhams, a firm of independent Fine Art auctioneers and members of the Society of Fine Art Auctioneers.

Additions during the year amounted to £22,000. The historic cost of memorabilia is £34,151.



## NOTES TO THE FINANCIAL STATEMENTS - continued

### 9. 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.

	1999	1998
(i) PGA Golf Management Limited		
A-Ordinary shares of £1 each at cost	£25,000	£25,000
Percentage of total nominal shares held	50%	50%
Aggregate called up share capital and reserves	(£171,338)	(£212,672)
Profit for the year ended 31 December	£41,334	£4,724

Golf course development consultancy, management consultancy and management contracting.

(ii) BGIA Exhibitions Limited		
Ordinary shares of £1 each at cost	£12,500	£12,500
Percentage of total nominal shares held	25%	25%
Aggregate called up share capital and reserves	(£195,793)	(£7,422)
Loss for the year ended 31 December	(£188,371)	(£14,832)

Arranging and sponsoring exhibitions and conferences for the golf industry.

(iii) Ryder Cup Limited		
A-Ordinary shares of £1 each nil paid	£1	£1
B-Ordinary shares of £1 each nil paid	£1	£1
Percentage of total nominal shares held	50%	50%
Aggregate called up share capital and reserves	(£2,663,092)	(£1,220,956)
Loss for the year ended 31 December	(£1,442,136)	(£1,278,553)

Staging of Ryder Cup tournament.

(iv) British Professional Golf Tour Limited		
Ordinary shares of £1 each at cost	£100	£100
Percentage of total nominal shares held	100%	100%
Aggregate called up share capital and reserves	(£174,245)	(£115,534)
Loss for the year ended 31 December	(£58,711)	(£27,292)

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

(v) WPGA Limited		
Ordinary shares of £1 each at cost	£2	£2
Percentage of total nominal shares held	100%	100%
Aggregate called up share capital and reserves	£5,138	£1,115
Profit for the year ended 31 December	£4,023	£2,686

Promotion, managing and staging of WPGA Championship.

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

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





## NOTES TO THE FINANCIAL STATEMENTS – continued

(viii) The information disclosed in (i), (ii) and (iii) has been extracted from unaudited management accounts. The 1998 figures for those same companies have been restated based on the final statutory accounts.

(ix) The Professional Golfers' Association Limited undertakes to provide such financial support to the British Professional Golf Tour Limited and to WPGA Limited as may be necessary for the foreseeable future.

### 10. Debtors – amounts due within one year

	1999 £	1998 £
Trade debtors	1,087,621	673,689
Prepaid trademark expenditure	11,546	4,076
Prepaid expenses	268,120	184,518
Other debtors	139,238	341,704
	<u>1,506,525</u>	<u>1,203,987</u>

### 11. Debtors – amounts due after more than one year

Amounts due from group undertakings	202,832	87,000
Prepaid trademark expenditure	215,289	73,360
	<u>418,121</u>	<u>160,360</u>

The amount of £202,832 due from The British Professional Golf Tour Limited represents advances to that company, with no fixed date for repayment. The directors of The Professional Golfers' Association Limited have confirmed that they will not seek repayment of the advances for a period of at least one year from the balance sheet date.

During the year, the board of directors of The British Professional Golf Tour Limited has restructured the financial arrangements of that company to enhance its financial standing going forward. This included securing a further two year sponsorship agreement with MasterCard and the ongoing receipt of grass roots funding from Ryder Cup Limited in accordance with relevant television rights legislation.

In order to repay the advances, further actions relating to securing additional funding for The British Professional Golf Tour Limited are actively being undertaken by the directors of that company with the support of The Professional Golfers' Association Limited.

### 12. Current Asset Investments

	1999 £	1998 £
Listed on the Stock Exchange:		
At cost and net book value	<u>964,275</u>	<u>786,976</u>
At market value	<u>1,087,958</u>	<u>951,536</u>



**NOTES TO THE FINANCIAL STATEMENTS – continued**

**13. Creditors – amounts falling due within one year**

	1999	1998
	£	£
Bank overdraft	893,893	–
Trade creditors	403,311	240,498
Net obligation under finance leases	37,117	32,947
Other taxes and social security	39,374	52,412
Accruals and deferred income	413,938	453,356
Bank loan (see note 14)	14,028	14,028
De Vere loan (see note 14)	50,000	–
Other creditors	57,587	56,777
	<u>1,909,248</u>	<u>850,018</u>

**14. Creditors – amounts falling due after more than one year**

Net obligations under finance leases	27,066	64,187
Bank loan	107,518	121,546
De Vere loan	104,549	165,536
	<u>239,133</u>	<u>351,269</u>

The maturity of the above amounts is as follows:

After one year but within two years	91,094	51,145
After two years but within five years	96,633	234,694
After five years	51,406	65,430

The loan from De Vere Hotels represents assistance with the Centenary House infrastructure costs and carries no interest charge. The loan is due to be repaid by 2002.

The bank loan represents the financing of a property purchased in 1998. The rate of interest on the loan is charged at 1.5% over base rate and the loan is secured on the property and is due to be repaid by 2008.

**15. Movements in Reserves**

	Revaluation Reserve £	Profit and Loss Reserve £	Total £
At 1 January 1999	150,000	1,705,980	1,855,980
Loss for year	–	(127,302)	(127,302)
At 31 December 1999	<u>150,000</u>	<u>1,578,678</u>	<u>1,728,678</u>

**16. Future Capital Expenditure**

Commitments in respect of contracts placed at 31 December 1999 amounted to £45,500 (1998 – £Nil). There were no other amounts authorised by the Directors.



**NOTES TO THE FINANCIAL STATEMENTS**  
*continued*

**17. Related Party Transactions**

During the year, recharges to Ryder Cup Limited totalled £1,100,383. This amount consisted of management fees of £691,678 and costs borne by The Professional Golfers' Association Limited and subsequently recharged of £408,705. As at 31 December 1999, £575,187 remained unpaid.

During the year, transactions involving WPGA Limited totalled £26,511, all of which related to costs borne by The Professional Golfers' Association Limited and subsequently recharged. As at 31 December 1999, the net amount payable to WPGA Limited was £5,138.

During the year, a loan of £25,000 made to BGIA Exhibitions in 1998 was repaid together with £22,000 against dividends from previous years. As at 31 December 1999, the amount remaining unpaid totalled £57,000.

During the year, transactions involving The British Professional Golf Tour Limited totalled £82,806, all of which related to costs borne by The Professional Golfers' Association Limited and subsequently recharged. The balance owed to The Professional Golfers' Association Limited represents an amount repayable after more than one year as described in more detail in note 11.

**18. Contingent Liabilities**

**INDUSTRIAL TRIBUNAL**

In October 1999 a former employee was successful in an action claiming sexual discrimination against the company. A tribunal for award of damages is scheduled for 13 March 2000. Based on advice from the company's legal advisers, an accrual has been made in these accounts for amounts payable. An asset has been recognised for amounts, confirmed by our insurers as recoverable under insurance arrangements. The information regarding the amounts and uncertainties remaining, required to be disclosed in accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed as the directors consider it would seriously prejudice the outcome of the tribunal.

**CLAIM FOR ALLEGED BREACH OF CONTRACT**

On 21 August 1998 a Mr Ian Hossack issued a claim against the company for alleged breach of contract. Mr Hossack alleged that the company had agreed to sell him sponsorship rights to certain British Professional Golf Tour events for the sum of £45,000, and had failed to do so. He claimed return of the £45,000 and damages for breach of contract, which were unquantified at that stage. On 15 February 1999 the court struck out Mr Hossack's claim for return of the £45,000 but allowed his unquantified claim for damages to remain. On 11 August 1999 Mr Hossack obtained leave to amend his claim, and served an amended claim which quantified the damages claim at £300,000. He has taken no further action since that date. Based upon legal advice, the directors of The Professional Golfers' Association Limited consider that the claim has no merit and it is being vigorously defended by the company's lawyers. Consequently no provision has been made for this claim, although legal costs incurred to date have been accrued in full.



## **DIRECTORS' RESPONSIBILITIES**

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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



**P.J. WEAVER (Chairman)**  
8 March 2000



## AUDITORS' REPORT

### Auditors' Report to the Members of The Professional Golfers' Association Ltd

We have audited the financial statements on pages 16 to 29.

#### Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 30, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

#### 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 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
Birmingham  
8 March 2000



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