

The Professional Golfers' Association Limited
(Limited by guarantee)

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The Professional Golfers' Association Limited
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I N T R O D U C T I O N

The financial performance of the Association in 1995 represents further progress towards the stated objective of achieving self sufficiency in our core activities.

Income has increased in all areas of the business and, together with tight control of expenditure, has enabled the Association to increase the budget for the PROmote campaign and fund the first stage of a comprehensive review of Training and Education.

One of our associate companies, Ryder Cup Limited, made a small profit in 1995 after taking into account management fees paid to both joint venture partners. No significant profits will be generated by the company, however, until the 1997 match in Spain.

Next year will see the Association investing nearly £250,000 in equipping the office and teaching environment within the new Training Academy at the Belfry. It is anticipated, however, that much of this cost will be covered by sponsorship, particularly within the trade. There will also be a further financial commitment to the Training and Education review process. This is viewed very much as an investment in the future and could well open the door to significant government funding.

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 1995.

Review of the Business and future developments

The operating results for the year are shown on page 34 of the accounts.

The Directors consider the state of the Company's affairs at 31 December 1995 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.

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, at 31 December 1995 were:

P.J. Weaver – *Chairman*
W.B. Anderson
N.H. Blenkarne
J.T. Christine
G.P. Egan
J.E. Heggarty
D. Huish
A.H. Walker

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

Fixed Assets

Movements in tangible fixed assets are shown in note 8 on page 44 of the financial statements.

Results

The loss for the year of £184,246 has been transferred from reserves.

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board
SANDY JONES
Company Secretary
13 March 1996



The Professional Golfers' Association Limited
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PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	1995 £	1994 £
Income	2	6,240,839	5,267,662
Operating Costs			
Administrative Expenses		(6,467,966)	(5,622,903)
Operating Loss		(227,127)	(355,241)
Investment Income	3	57,958	77,182
Interest Payable and Similar Charges	4	(15,077)	(26,955)
Loss on Ordinary Activities Before Taxation	5	(184,246)	(305,014)
Taxation	6	—	513,645
(Loss)/Profit for the Year	14	<u>(184,246)</u>	<u>208,631</u>

All amounts relate to continuing operations.

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

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

Movements on reserves are set out in note 14 to the financial statements.

The notes on pages 33 to 44 form part of these financial statements.

The Professional Golfers' Association Limited
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BALANCE SHEET

at 31 December 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible assets	8	176,263	279,880
Investments	9	37,500	37,500
		<u>213,763</u>	<u>317,380</u>
Current Assets			
Debtors	10	1,036,322	1,014,201
Debtors – amounts due after more than one year	11	60,000	80,000
Investments	12	639,112	639,112
Cash at bank and in hand		—	137,125
		<u>1,735,434</u>	<u>1,870,438</u>
Creditors			
Amounts falling due within one year	13	(828,072)	(882,447)
		<u>(828,072)</u>	<u>(882,447)</u>
Net Current Assets		<u>907,362</u>	<u>987,991</u>
Total Assets Less Current Liabilities		<u>1,121,125</u>	<u>1,305,371</u>
Creditors – amounts falling due after more than one year		—	—
		<u>1,121,125</u>	<u>1,305,371</u>
Reserves and Shareholders' Funds	14	<u>1,121,125</u>	<u>1,305,371</u>

Approved by the Board on 13 March 1996
P.J. WEAVER
D. HUIISH
Directors

The notes on pages 39 to 44 form part of these financial statements.

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The Professional Golfers' Association Limited
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CASH FLOW STATEMENT

for the year ended 31 December 1995

	Note	1995		1994	
		£	£	£	£
Net Cash Outflow from Operating Activities	17a)		(398,962)		(785,860)
Returns on Investments and Servicing of Finance:					
Interest received		14,747		33,719	
Investment income		43,211		43,463	
Bank interest paid		(2,283)		(1,690)	
Interest element of finance lease rentals		(12,794)		(30,791)	
Net Cash Inflow from Returns on Investments and Servicing of Finance			42,881		44,701
Tax Repaid/(Paid)			60,519		(58,276)
Investing Activities					
Purchase of tangible fixed assets		(27,946)		(74,479)	
Sale of tangible fixed assets		113,386		12,324	
Net Cash Inflow/(Outflow) from Investing Activities			85,440		(62,155)
Net Cash Outflow Before Financing			(210,122)		(861,590)
Financing:					
Capital element of finance lease rental payments	17b)	(207,802)		(89,452)	
Net Cash Outflow from Financing			(207,802)		(89,452)
Decrease in Cash and Cash Equivalents	17c)		(417,924)		(951,042)

The Professional Golfers' Association Limited
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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention 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 and leasehold properties	5%
Motor vehicles	25%
Tournament equipment	25%
Furniture and equipment	15%
Computer equipment	20%
Computer software	33 1/3 %

(d) Taxation

No provision has been made in the accounts for deferred taxation as it is considered that no material liability will arise in the foreseeable future. Certain elements of income and expenditure do not fall within the scope of United Kingdom corporation tax.

(e) 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.

(f) Leases

Motor vehicles 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). 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.

(g) 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 investment in the group undertaking PGA Golf Management Limited, Ryder Cup Ltd and participating interest in BGIA Exhibitions Ltd have been stated at cost.

The Professional Golfers' Association Limited
(Limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS – continued

2. Income

	1995	1994
	£	£
Subscriptions and registration fees	811,654	665,707
Tournament income and training fees	4,413,926	4,235,973
Commissions on PGA products and miscellaneous income	977,259	330,982
Donation from the Royal and Ancient Golf Club	38,000	35,000
	<u>6,240,839</u>	<u>5,267,662</u>

3. Investment Income

Short term deposits	14,747	33,719
Income from listed current asset investments	43,211	43,463
	<u>57,958</u>	<u>77,182</u>

4. Interest Payable and Similar Charges

Bank overdraft interest	2,283	1,690
Finance lease charges	12,794	25,265
	<u>15,077</u>	<u>26,955</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	78,817	61,032
Profit on sale of fixed assets	(33,154)	(3,868)
Auditors' remuneration	11,500	11,000
Depreciation of assets held under finance leases	8,126	92,211
Staff costs (note 7)	1,201,132	1,091,834

6. Taxation

The tax charge/(credit) comprises:

Corporation tax charge/(credit) for the year at 33% (1994 – 33%)	–	(917)
Adjustments in respect of previous years	–	(512,728)
	<u>0</u>	<u>(513,645)</u>

The Professional Golfers' Association Limited
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NOTES TO THE FINANCIAL STATEMENTS – continued

7. Employees

	1995 £	1994 £
Staff costs comprise:		
Wages and salaries	1,038,390	938,625
Social security costs	96,161	79,665
Other pension costs	66,581	73,544
	<u>1,201,132</u>	<u>1,091,834</u>

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

Administration	49	45
Tournament	26	22
	<u>75</u>	<u>67</u>

The above figures do not include Directors and no remuneration was paid to them during the year.

Directors emoluments, which consisted solely of the taxable benefits of the use of a loan car for the Chairman, were £3,261 (1994 – £4,461).

8. Tangible Fixed Assets

	Total £	Long Leasehold Property £	Motor Vehicles £	Tournament Equipment £	Furniture & Equipment £
(a) Cost					
At 1 January 1995	1,070,259	98,172	375,859	220,028	376,200
Additions	63,558	–	14,750	31,916	16,892
Disposals	(311,373)	–	(311,373)	–	–
At 31 December 1995	<u>822,444</u>	<u>98,172</u>	<u>79,236</u>	<u>251,944</u>	<u>393,092</u>
Depreciation					
At 1 January 1995	790,379	35,385	281,260	197,723	276,011
Amount provided	86,943	4,908	18,055	17,156	46,824
Disposals	(231,141)	–	(231,141)	–	–
At 31 December 1995	<u>646,181</u>	<u>40,293</u>	<u>68,174</u>	<u>214,879</u>	<u>322,835</u>
Net Book Values					
At 31 December 1995	<u>176,263</u>	<u>57,879</u>	<u>11,062</u>	<u>37,065</u>	<u>70,257</u>
At 31 December 1994	<u>279,880</u>	<u>62,787</u>	<u>94,599</u>	<u>22,305</u>	<u>100,189</u>

The Professional Golfers' Association Limited
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NOTES TO THE FINANCIAL STATEMENTS – continued

The lease of the National Headquarters is not reflected in these accounts as there was no original cost to the company. Its term is 99 years and expires in 2076.

(b) Included in motor/tournament vehicles are assets held under finance leases as follows:

	1995	1994
	£	£
Cost	32,505	368,843
Accumulated depreciation	(8,126)	(274,244)
	<u>24,379</u>	<u>94,599</u>

9. Investments in Group Undertakings and Participating Interests

Investments comprised:

(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	£21,778 Deficit	£4,511 Deficit
(Loss)/Profit for the year ended 31 December 1995	(£17,267)	£32,309

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	£314,184	£225,088
Profit before taxation for the year ended 31 December 1995	£258,462	£169,366

Arranging and sponsoring exhibitions and conferences for the golf industry.

(iii) Ryder Cup Ltd

A-Ordinary shares of £1 each nil paid	—	—
B-Ordinary shares of £1 each nil paid	—	—
Percentage of total nominal shares held	50%	50%
Aggregate called up share capital and reserves	£26,761	£2
Profit before taxation for the year ended 31 December 1995	£26,759	Nil

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

(v) The information disclosed in (i) (ii) and (iii) has been extracted from unaudited management accounts.

The Professional Golfers' Association Limited
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NOTES TO THE FINANCIAL STATEMENTS – continued

10. Debtors – amounts due within one year

	1995	1994
	£	£
Trade debtors	328,690	242,844
Prepaid expenses	169,379	215,803
Corporation tax recoverable	9,353	58,276
Advance corporation tax recoverable	–	2,243
Other debtors	528,900	495,035
	<u>1,036,322</u>	<u>1,014,201</u>

11. Debtors – amounts due after more than one year

The amounts due after more than one year represent sums advanced to PGA of Europe Limited. Repayments were scheduled to commence in 1995 over a five year period.

12. Current Asset Investments

Listed on the Stock Exchange:

At cost and net book value	639,112	639,112
	<u>639,112</u>	<u>639,112</u>
Market value	800,436	699,097
	<u>800,436</u>	<u>699,097</u>

13. Creditors – amounts falling due within one year

Bank overdraft	280,799	–
Trade creditors	99,113	240,502
Net obligation under finance leases	26,574	193,383
Other taxes and social security	40,429	31,866
Accruals and deferred income	229,738	372,880
Other creditors	151,419	43,816
	<u>828,072</u>	<u>882,447</u>

14. Reserves

At 1 January 1995	1,305,371	1,096,740
(Loss)/Profit for the year	<u>(184,246)</u>	<u>208,631</u>
At 31 December 1995	<u>1,121,125</u>	<u>1,305,371</u>

15. Future Capital Expenditure

Commitments in respect of contracts placed at 31 December 1995 amounted to £250,000 (1994 – £Nil). There were no other authorisations by the directors.

The Professional Golfers' Association Limited
(Limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS – continued

16. Reconciliation of Movement in Shareholders' Funds

	1995	1994
	£	£
(Loss)/Profit for the year	(184,246)	208,631
Opening shareholders' funds	1,305,371	1,096,740
Closing shareholders' funds	<u>1,121,125</u>	<u>1,305,371</u>

17. Cash Flow

(a) Reconciliation of operating loss to net cash outflow from operating activities:

Operating loss	(227,127)	(355,241)
Depreciation charges on fixed assets	86,943	153,243
Profit on sale of tangible fixed assets	(33,154)	(3,868)
(Increase)/Decrease in debtors	(47,906)	333,290
Decrease in creditors	<u>(177,718)</u>	<u>(913,284)</u>
	<u>(398,962)</u>	<u>(785,860)</u>

(b) Analysis of changes in financing during the year:

	Finance lease obligations	
Balance at beginning of year	193,383	282,835
Inception of finance lease contracts	40,993	0
Cash outflows from financing	<u>(207,802)</u>	<u>(89,452)</u>
Balance at end of year	<u>26,574</u>	<u>193,383</u>

(c) Analysis of changes in cash and cash equivalents during the year:

Balance at beginning of year	137,125	1,088,167
Net cash outflow	<u>(417,924)</u>	<u>(951,042)</u>
Balance at end of year	<u>(280,799)</u>	<u>137,125</u>

The Professional Golfers' Association Limited
(Limited by guarantee)

**STATEMENT OF DIRECTORS'
RESPONSIBILITIES**

Year ended 31 December 1995

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable 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.

P.J. WEAVER (Chairman)
13 March 1996



The Professional Golfers' Association Limited
(Limited by guarantee)

AUDITORS' REPORT

**Auditors' Report to the Members of the
Professional Golfers' Association**

We have audited the financial statements on pages ~~26 to 44~~ which have been prepared under the historical cost convention.

Respective Responsibilities of Directors and Auditors

As described on page 41 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 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 affairs of the Company as at 31 December 1995 and of its loss, total recognised losses and cash flows for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the Company is entitled for the year ended 31 December 1995 to the exemption inferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Birmingham
13 March 1996

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants
and Registered Auditors

The Professional Golfers' Association Limited
(Limited by guarantee)

BENEVOLENT FUND

Balance sheet at 31 December 1995

	1995		1994	
	£	£	£	£
Investments (at cost)				
7,650 Charifund Units		8,293		8,293
20,400 Save and Prosper Income Units		10,099		10,099
(Market value £52,664 – 1994 £52,664)		18,392		18,392
Current Assets				
Debtors	1,363		2,060	
Amount due from Association Fund	32,656		33,599	
	34,019		35,659	
Creditors – due within one year	(400)		(400)	
		33,619		35,259
		52,011		53,651
Accumulated Fund				
Balance at 1 January 1995		53,651		52,625
Net (deficit)/surplus for the year		(1,640)		1,026
		52,011		53,651

Income & Expenditure account for the year ended 31 December 1995

	1995		1994	
	£	£	£	£
Income				
Donations		1,547		1,435
Investment income		4,448		4,091
		5,995		5,526
Expenditure				
Grants to Members	7,235		4,100	
Audit and accountancy charges	400		400	
		(7,635)		(4,500)
Net (deficit)/surplus for the year		(1,640)		1,026

The Professional Golfers' Association Limited
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Benevolent Fund and of the surplus or loss of the Benevolent Fund for that period. In preparing those financial statements, the Trustees 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 Benevolent Fund will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Benevolent Fund. They are also responsible for safeguarding the assets of the Benevolent Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE TRUSTEES OF
THE PROFESSIONAL GOLFERS' ASSOCIATION
BENEVOLENT FUND**

We have audited the financial statements on page 47 which have been prepared under the accounting policies set out on page 35.

Respective Responsibilities of Trustees and Auditors

As described on page the Trustees 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. 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund'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 affairs of the Fund at 31 December 1995 and of its deficit for the year then ended.

Birmingham
13 March 1996

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants
and Registered Auditors