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*The Professional Golfers' Association Limited*  
*(Limited by guarantee)*

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*The Professional Golfers' Association Limited*  
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## INTRODUCTION

The 1993 annual accounts highlighted two issues that had to be addressed before the Association could establish a solid financial platform upon which to base its future plans.

The first issue was the unacceptably high operating deficit which was significantly eroding profits generated by the Ryder Cup. A comprehensive budgeting and financial reporting system had been introduced the previous year and 1994 represented the first twelve month period of operation. The results were extremely encouraging with staff at all levels appreciating the need to make efficient and effective use of resources. The Association turned in an operating deficit, before commission to Coopers & Lybrand, of £205,014 for the twelve months ended 31 December 1994, compared to a budgeted deficit of £200,000. We have budgeted to reduce that deficit still further in 1995 as part of the stated objective of making the Association more self-sufficient.

A further concern raised by the 1993 accounts was the tax charge of £530,000. The basis on which this charge had been calculated had been in place for many years and, it was felt, no longer accurately reflected the changing nature of the Association's activities. Together with our new auditors, Coopers & Lybrand, a revised format was prepared and submitted to H.M. Inspector of Taxes. Our proposals were accepted with the result that no tax charge will now be levied for 1993. Thus, the accounts for 1994 include a write-back of tax totalling £513,645. The Coopers & Lybrand fee was based on a percentage of any tax recovered together with the provision of free advice and support relating to the Association's on-going tax affairs. This fee has been provided for in full in the final operating deficit. Establishing a more realistic tax structure has removed a major obstacle to the long term objective of achieving financial stability within the Association.

A recent development that has affected many of our members is the change in legislation regarding Value Added Tax levied on subscriptions to non-profit making sporting bodies. An application to H.M. Customs & Excise to have membership subscriptions exempted from VAT was accepted and has been reflected in the 1995 subscription notices. The question of a refund of VAT back-dated to 1 January 1990, is proving more difficult. We are currently in negotiation with Customs & Excise as to the extent of any refund, but we believe that it may take several months to reach a satisfactory conclusion.

## **DIRECTORS' REPORT**

The Directors submit their report and the audited accounts for the year ended 31 December 1994.

### **Review of the Business and future developments**

The operating results for the year are shown on page 32 of the accounts.

The Directors consider the state of the Company's affairs at 31 December 1994 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 promote the interests of professional golfers and golf in the U.K. and Ireland.

### **Directors**

The Directors of the Company, all of whom have served throughout the year, at 31 December 1994 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 37 of the financial statements.

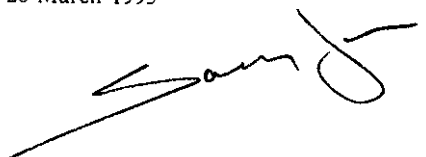
### **Results**

The profit for the year of £208,631 has been transferred to 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  
28 March 1995



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or

*The Professional Golfers' Association Limited*  
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**PROFIT AND LOSS ACCOUNT**

*for the year ended 31 December 1994*

	Notes	1994 £	1993 £
<b>Income</b>	2	5,267,662	14,586,368
<b>Operating Costs</b>			
Administrative Expenses		(5,622,903)	(14,141,716)
<b>Operating (Loss)/Profit</b>		(355,241)	444,652
<b>Investment Income</b>	3	77,182	224,674
<b>Interest Payable and Similar Charges</b>	4	(26,955)	(59,729)
<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>	5	(305,014)	609,597
<b>Taxation</b>	6	513,645	(530,000)
<b>Profit for the Year</b>	15	<u>208,631</u>	<u>79,597</u>

All amounts relate to continuing operations.

The Company has no recognised gains or losses other than the 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)/profit on ordinary activities before taxation and the retained profit 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 35 to 40 form part of these financial statements.

*The Professional Golfers' Association Limited*  
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## BALANCE SHEET

at 31 December 1994

	Notes	1994 £	1993 £
<b>Fixed Assets</b>			
Tangible assets	8	279,880	367,100
Investments	9	<u>37,500</u>	<u>37,500</u>
		317,380	404,600
<b>Current Assets</b>			
Debtors	10	1,014,201	1,261,445
Debtors – amounts due after more than one year	11	80,000	100,000
Investments	12	639,112	639,112
Cash at bank and in hand		<u>137,125</u>	<u>1,088,168</u>
		1,870,438	3,088,725
<b>Creditors</b>			
Amounts falling due within one year	13	<u>(882,447)</u>	<u>(2,209,921)</u>
<b>Net Current Assets</b>		987,991	878,804
<b>Total Assets Less Current Liabilities</b>		<u>1,305,371</u>	<u>1,283,404</u>
<b>Creditors – amounts falling due after more than one year</b>	14	–	(186,664)
		<u>1,305,371</u>	<u>1,096,740</u>
<b>Reserves and Shareholders' Funds</b>	15	<u>1,305,371</u>	<u>1,096,740</u>

Approved by the Board on

28 March 1995

P.J. WEAVER

D. HUISE

Directors

The notes on pages 35 to 40 form part of these financial statements.

*The Professional Golfers' Association Limited*  
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**CASH FLOW STATEMENT**

*for the year ended 31 December 1994*

	Note	1994		1993	
		£	£	£	£
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	18a)		(785,860)		250,621
<b>Returns on Investments and Servicing of Finance:</b>					
Interest received		33,719		164,035	
Investment income		43,463		43,256	
Bank interest paid		(1,690)		(9,846)	
Interest element of finance lease rentals		<u>(30,791)</u>		<u>(50,820)</u>	
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>			44,701		146,625
<b>Tax (Repaid)/Paid</b>			(58,276)		4,393
<b>Investing Activities</b>					
Purchase of tangible fixed assets		(74,479)		(51,834)	
Sale of tangible fixed assets		12,324		130,000	
Sale of listed investments		<u>—</u>		<u>9,981</u>	
<b>Net Cash (Outflow)/Inflow from Investing Activities</b>			(62,155)		88,147
<b>Net Cash (Outflow)/Inflow Before Financing</b>			(861,590)		489,786
<b>Financing:</b>					
Capital element of finance lease rental payments	18b)	<u>(89,452)</u>		<u>(54,136)</u>	
<b>Net Cash Outflow from Financing</b>			(89,452)		(54,136)
<b>(Decrease)/Increase in Cash and Cash Equivalents</b>	18c)		<u>(951,042)</u>		<u>435,650</u>

## 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) Investments

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

**NOTES TO THE FINANCIAL STATEMENTS – continued**

(h) Ryder Cup Ltd

In 1993, the Ryder Cup was a joint venture between the Association and the PGA European Tour. The accounts reflected the total income and expenditure and made due allowance for the share of profit attributable to the PGA European Tour.

From 1994 onwards, part of the income and expenditure will be reflected in Ryder Cup Ltd, a 50% jointly owned company with the PGA European Tour.

**2. Income**

	1994	1993
	£	£
Subscriptions and registration fees	665,707	564,617
Tournament income and training fees	4,235,973	12,815,846
Commissions on PGA products and miscellaneous income	330,982	1,170,905
Donation from the Royal and Ancient Golf Club	35,000	35,000
	<u>5,267,662</u>	<u>14,586,368</u>

**3. Investment Income**

Short term deposits	33,719	164,035
Income from listed current asset investments	43,463	43,256
Write-back of investments provision	–	17,383
	<u>77,182</u>	<u>224,674</u>

**4. Interest Payable and Similar Charges**

Bank overdraft interest	1,690	9,846
Finance lease charges	25,265	49,883
	<u>26,955</u>	<u>59,729</u>

**5. (Loss)/Profit on Ordinary Activities Before Taxation**

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

Depreciation of tangible owned fixed assets	61,032	54,368
(Profit)/loss on sale of fixed assets	(3,868)	10,347
Auditors' remuneration	11,000	16,000
Depreciation of assets held under finance leases	92,211	96,439
Staff costs (note 7)	1,091,834	1,414,798



## NOTES TO THE FINANCIAL STATEMENTS – continued

### 6. Taxation

	1994 £	1993 £
The tax (credit)/charge comprises:		
Corporation tax (credit)/charge for the year at 33% (1993 – 33%)	(917)	471,400
Adjustments in respect of previous years	(512,728)	58,600
	<u>(513,645)</u>	<u>530,000</u>

### 7. Employees

Staff costs comprise:		
Wages and salaries	938,625	1,228,160
Social security costs	79,665	114,027
Other pension costs	73,544	72,611
	<u>1,091,834</u>	<u>1,414,798</u>

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

Administration	45	42
Tournament	22	26
	<u>67</u>	<u>68</u>

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

### 8. Tangible Fixed Assets

	Total £	Long Leasehold Property £	Motor Vehicles £	Tournament Equipment £	Furniture & Equipment £
<b>Cost</b>					
At 1 January 1994	1,012,692	98,172	392,771	204,231	317,518
Additions	74,479	–	–	15,797	58,682
Disposals	(16,912)	–	(16,912)	–	–
At 31 December 1994	<u>1,070,259</u>	<u>98,172</u>	<u>375,859</u>	<u>220,028</u>	<u>376,200</u>
<b>Depreciation</b>					
At 1 January 1994	645,592	30,477	197,505	188,545	229,065
Amount provided	153,243	4,908	92,211	9,178	46,946
Disposals	(8,456)	–	(8,456)	–	–
At 31 December 1994	<u>790,379</u>	<u>35,385</u>	<u>281,260</u>	<u>197,723</u>	<u>276,011</u>
<b>Net Book Values</b>					
At 31 December 1994	<u>279,880</u>	<u>62,787</u>	<u>94,599</u>	<u>22,305</u>	<u>100,189</u>
At 31 December 1993	<u>367,100</u>	<u>67,695</u>	<u>195,266</u>	<u>15,686</u>	<u>88,453</u>

## 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.

Included in motor vehicles are assets held under finance leases as follows:

	1994	1993
	£	£
Cost	368,843	385,755
Accumulated depreciation	(274,244)	(190,489)
	<u>94,599</u>	<u>195,266</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	£4,511 Deficit	£35,960 Deficit
Profit/(Loss) for the year ended 31 December 1994	£32,309	£2,272 Deficit

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	£225,088	£55,722
Profit for the year ended 31 December 1994	£169,366	£141 Deficit

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%	–
Aggregate called up share capital and reserves	£2	–
Profit for the year ended 31 December 1994	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.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

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

	1994	1993
	£	£
Trade debtors	242,844	500,444
Prepaid expenses	215,803	251,044
Corporation tax recoverable	58,276	–
Advance corporation tax recoverable	2,243	–
Other debtors	495,035	509,957
	<u>1,014,201</u>	<u>1,261,445</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 are 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
Market value	<u>699,097</u>	<u>813,430</u>

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

Trade creditors	240,502	190,128
Net obligation under finance leases	193,383	96,171
Corporation tax	–	511,402
Other taxes and social security	31,866	49,366
Accruals and deferred income	372,880	483,199
Other creditors	43,816	879,655
	<u>882,447</u>	<u>2,209,921</u>

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

Net obligation under finance leases	–	<u>186,664</u>
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**15. Reserves**

At 1 January 1994	1,096,740	1,017,143
Profit for the year	208,631	79,597
At 31 December 1994	<u>1,305,371</u>	<u>1,096,740</u>

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**16. Future Capital Expenditure**

Commitments in respect of contracts placed at 31 December 1994 amounted to £Nil (1993 – £Nil). There were no other authorisations by the directors.

**17. Reconciliation of Movement in Shareholders' Funds**

	1994	1993
	£	£
Profit for the year	208,631	79,597
Opening shareholders' funds	1,096,740	1,017,143
Closing shareholders' funds	<u>1,305,371</u>	<u>1,096,740</u>

**18. Cash Flow**

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

	1994	1993
	£	£
Operating (loss)/profit	(355,241)	444,652
Depreciation charges on fixed assets	153,243	152,562
(Profit)/loss on sale of tangible fixed assets	(3,868)	10,347
Loss on sale of listed investments	–	2,519
Increase in debtors	333,290	584
Decrease in creditors	(913,284)	(360,043)
	<u>(785,860)</u>	<u>250,621</u>

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

		Finance lease obligations
Balance at beginning of year	282,835	336,971
Cash outflows from financing	(89,452)	(54,136)
Balance at end of year	<u>193,383</u>	<u>282,835</u>

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

Balance at beginning of year	1,088,168	652,518
Net cash outflow/(inflow)	(951,042)	435,650
Balance at end of year	<u>137,126</u>	<u>1,088,168</u>

**STATEMENT OF DIRECTORS'  
RESPONSIBILITIES**

*Year ended 31 December 1994*

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)  
28 March 1995



## AUDITORS' REPORT

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

We have audited the financial statements on pages 32 to 40 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 1994 and of its profit, total recognised gains 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 1994 to the exemption inferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Birmingham  
28 March 1995

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants  
and Registered Auditors

*The Professional Golfers' Association Limited*  
(Limited by guarantee)

**BENEVOLENT FUND**

*Balance sheet at 31 December 1994*

	1994		1993	
	£	£	£	£
<b>Investments (at cost)</b>				
7,650 Charifund Units		8,293		8,293
20,400 Save and Prosper Income Units		10,099		10,099
(Market value £52,664 – 1993 £52,664)		18,392		18,392
<b>Current Assets</b>				
Debtors	2,060		1,828	
Amount due from Association Fund	33,599		32,805	
	35,659		34,633	
Creditors – due within one year	(400)		(400)	
		35,259		34,233
		53,651		52,625
<b>Accumulated Fund</b>				
Balance at 1 January 1994		52,625		54,568
Net surplus/(deficit) for the year		1,026		(1,943)
		53,651		52,625

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*Income & Expenditure account for the year ended 31 December 1994*

	1994		1993	
	£	£	£	£
<b>Income</b>				
Donations		1,435		1,388
Investment income		4,091		3,952
		5,526		5,340
<b>Expenditure</b>				
Grants to Members	4,100		6,883	
Audit and accountancy charges	400	(4,500)	400	(7,283)
Net surplus/(deficit) for the year		1,026		(1,943)

## 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 43 which have been prepared under the accounting policies set out on page 35.

### Respective Responsibilities of Trustees and Auditors

As described on page 44 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 1994 and of its surplus for the year then ended.

Birmingham  
28 March 1995

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants  
and Registered Auditors