

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009

(Company Number: SC254121)

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SCOTTISH GOLF ENVIRONMENT GROUP LIMITED**DIRECTORS AND COMPANY INFORMATION****Directors**

W Colin Wood
William F Mitchell (Resigned 25/1/09)
James C Thomson
Andrew D Salmon

Company Secretary

Stuart M Graham

Registered Office

SGU HQ
The Dukes
St Andrews
FIFE
KY16 8NX

Bankers

Bank of Scotland
564 Queensferry Road
EDINBURGH
EH4 6AT

Lawyers

DLA Piper Scotland LLP
249 West George Street
Glasgow
G2 4RB

Auditors

Henderson Loggie
Chartered Accountants and Registered Auditors
DUNDEE
DD1 1DZ

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and financial statements for the year ended 30 September 2009.

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act 2006. 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. The directors are responsible for the maintenance and the integrity of the corporate and financial information included on the company's website.

Principal Activity

The principal activity of the company is that of promoting best environmental practices at golf courses. The company was established as a result of an initiative between Scottish Natural Heritage, Scottish Golf Union Limited and the R & A. These organisations provide core funding by way of grants. Additional financial support is gained mainly from the Scottish Executive in support of various projects related to golf courses and environmental issues.

Results, Dividends and Future Developments

The results for the year are set out on page 6. The £10,862 retained profit for the year is to be added to reserves. The directors consider the result for the year to be satisfactory. The further core funding from Scottish Natural Heritage was in doubt but has been continued up to March 2012. Thereafter the position is unclear. In the event of lower core funding, the directors are taking steps to ensure the cost of operations is matched by project or other relevant income.

Dividends of £Nil were paid during the year and the directors do not recommend a final dividend.

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

REPORT OF THE DIRECTORS (Cont'd)

Fixed Assets

The company has no fixed assets.

Share Capital

Details of the share capital are provided at note 10 to the financial statements.

Directors

The directors are as listed on page 2.

So far as each director is aware there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a director to make themselves aware of such information and to establish that the auditors are aware of it.

Since the end of the year

There were no events after the year end which require disclosure.

Approval

This report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006, and was approved by the board on 5 November 2009 and signed on its behalf by:

Stuart M Graham
Secretary
5 November 2009

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

Independent auditor's report to the shareholders of Scottish Golf Environment Group Limited

We have audited the accounts of Scottish Golf Environment Group Limited for the year ended 30 September 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of the company's profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the company accounts are not in agreement with the accounting records and returns; or
- certain disclosures or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Cameron (Senior Statutory Auditor)

For and on behalf of
Henderson Loggie
Chartered Accountants and Registered Auditors
Dundee
5 November 2009

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	<u>Note</u>	<u>2009</u> £	<u>2008</u> £
<u>Turnover</u>	2	28,583	3,000
Cost of sales		(42,986)	(38,684)
<u>Gross loss</u>		(14,403)	(35,684)
Administrative expenses		(40,045)	(47,158)
Other operating income	3	65,000	77,500
<u>Operating profit / (loss)</u>	4	10,552	(5,342)
Interest receivable	5	392	841
<u>Profit / (loss) on ordinary activities before taxation</u>		10,944	(4,501)
Taxation	6	(82)	(172)
<u>Retained profit / (loss) for the year</u>		10,862	(4,673)
		=====	=====

All of the company's activities are continuing.

There were no recognised gains or losses for 2009 or 2008 other than those included in the profit and loss account. Such profits and losses represent the only movement in shareholder's funds.

A statement of movements on reserves is given in note 12.

The notes on pages 8 to 11 form part of these financial statements

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

BALANCE SHEET **AS AT 30 SEPTEMBER 2009**

	<u>Note</u>	£	<u>2009</u> £	£	<u>2008</u> £
<u>Current assets</u>					
Debtors	7	35,109		43,062	
Cash at bank and in hand		10,529		19,464	
		-----		-----	
		45,638		62,526	
<u>Creditors (amounts falling due within one year)</u>					
	8	(9,548)		(37,298)	
		-----		-----	
<u>Net current assets</u>			36,090		25,228
			-----		-----
<u>Net assets</u>			36,090		25,228
			=====		=====
<u>Capital & reserves</u>					
Called up share capital	10		1		1
Share premium	11		8,368		8,368
Profit and loss account	12		27,721		16,859
			-----		-----
<u>Shareholder's funds</u>	13		36,090		25,228
			=====		=====

The accounts have been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

W Colin Wood
Director
5 November 2009

The notes on pages 8 to 11 form part of these financial statements

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Report Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company. In all other respects, the financial statements are in accordance with applicable accounting standards.

Debtors

Known bad debts are written off and provision is made for any debts considered to be doubtful.

Taxation

For taxation purposes the company is a mutual trading organisation. Accordingly, the corporation tax charge is based on investment returns, such as interest, included in the accounts.

Pensions

The parent company operates a money purchase scheme for the employees of Scottish Golf Environment Group Limited.. Contributions due are included in the year's costs. The funds are administered and invested entirely independent from the company

Grants

Grants income receivable for projects is credited to profit and loss account in the period to which it relates and matched with related project expenditure as this is incurred.

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**2. **TURNOVER**

The turnover and profit before taxation are attributable to the principal activity of the company, such activity being wholly within the United Kingdom and is recognised in the year in which it is received to the extent of completion of the service concerned.

3. **OTHER OPERATING INCOME**

Grant awards against core costs have been received from the company's three principal supporters, being Scottish Natural Heritage, Scottish Golf Union Limited and the R & A. From April 2009 funding from the R&A changed to project based funding.

4. **OPERATING PROFIT /(LOSS)**

	<u>2009</u> £	<u>2008</u> £
Operating profit/(loss) is stated after charging:-		
Directors' emoluments	-	-
Auditors' fees	1,725	1,710
Property rentals expenditure	-	2,765
	=====	=====
<u>Staff costs (including directors)</u>		
Gross salaries	57,089	53,250
Social security costs	5,811	5,455
Other pension costs	4,338	4,162
	-----	-----
	67,238	62,867
	=====	=====

No retirement benefits are accruing to any director under a money purchase scheme.

The average monthly number of employees, including directors during the year was as follows:-

	<u>2009</u> No.	<u>2008</u> No.
Consultants	2	2
Non – executive directors	3	3
	-----	-----
	5	5
	=====	=====

5. **INTEREST RECEIVABLE**

	<u>2009</u> £	<u>2008</u> £
Bank interest receivable	392	841
	=====	=====

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS ('Cont'd)****6. TAXATION**

	<u>2009</u>	<u>2008</u>
	£	£
Corporation tax arising in the year	82	172
	=====	=====

Corporation tax arises on the Company's interest earnings. The taxable status of the Company means no tax charge is payable on the results for the year.

7. DEBTORS

	<u>2009</u>	<u>2008</u>
	£	£
Due from parent company	15,000	3,062
Grants receivable	20,000	40,000
Prepayments	109	-
	-----	-----
	35,109	43,062
	=====	=====

All amounts are receivable within one year.

8. CREDITORS (amounts falling due within one year)

	<u>2009</u>	<u>2008</u>
	£	£
Trade creditors	2,314	860
Due to parent company	936	518
Accruals	1,724	1,761
Corporation tax	82	172
Other taxation and social security	1,940	1,435
Deferred income	2,552	32,552
	-----	-----
	9,548	37,298
	=====	=====

9. PROVISIONS FOR LIABILITIES AND CHARGES**Deferred taxation**

No provision for deferred taxation is required in view of the Company's taxation status.

10. SHARE CAPITAL

	<u>2009</u>	<u>2008</u>
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	1,000	1,000
	=====	=====
<u>Allotted, called up and fully paid</u>		
Ordinary shares of £1 each	1	1
	=====	=====

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. SHARE PREMIUM

Operations for the Company commenced in 1996 on an unincorporated basis. The retained reserves accumulated from these operations were vested in the company on incorporation.

12. PROFIT AND LOSS ACCOUNT

	<u>2009</u>	<u>2008</u>
	£	£
At 1 October 2008	16,859	21,532
Profit / (loss) for the year	10,862	(4,673)
	-----	-----
At 30 September 2009	27,721	16,859
	=====	=====

13. MOVEMENT ON SHAREHOLDER'S FUNDS

	<u>2009</u>	<u>2008</u>
	£	£
Opening shareholder's funds	25,228	29,901
Profit /(loss) for the year	10,862	(4,673)
	-----	-----
Closing shareholder's funds	36,090	25,228
	=====	=====

14. CAPITAL AND OTHER COMMITMENTS

There were no capital commitments at 30 September 2009. The company had no operating lease, pension or other commitments at 30 September 2009.

15. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

There were no transactions with directors. The shareholder as part of its agreement to provide core funding has contributed £30,000 during the period of which £15,000 is included within accrued income. During the year, the Company paid management charges to the Scottish Golf Union Limited, shareholder, amounting to £4,800 (2008 - £2,400).

16. CONTROLLING PARTY AND ULTIMATE CONTROLLING PARTY

The controlling party is Scottish Golf Union Limited as it owns 100% of the issued share capital. The ultimate controlling parties are the 16 Area Golf Associations in Scotland who own 100% of the Scottish Golf Union Limited.

SCOTTISH GOLF ENVIRONMENT GROUP LIMITED

DETAILED PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 30 SEPTEMBER 2009**

		<u>2009</u>		<u>2008</u>
	£	£	£	£
<u>Turnover</u>				
Grant awards for projects		28,564		-
Other income		19		3,000
		-----		-----
		28,583		3,000
<u>Cost of sales</u>				
Salaries	67,238		63,684	
Less allocated to administration	(25,000)		(25,000)	
	-----		-----	
	42,238		38,684	
Project expenditure	748		-	
	-----		-----	
		42,986		38,684
		-----		-----
Deficit from operations		(14,403)		(35,684)
<u>Core funding grants</u>				
Scottish Natural Heritage	20,000		17,500	
Scottish Golf Union Limited	30,000		30,000	
The R & A	15,000		30,000	
	-----		-----	
		65,000		77,500
		-----		-----
<u>Contribution to overheads</u>		50,597		41,816
<u>Administrative expenses</u>				
Administration salaries	25,000		25,000	
Recruitment costs and training	-		249	
Rent, rates and insurance	2,397		5,833	
Travel expenses	4,912		6,243	
Conference expenses	549		1,671	
Telephone, fax and ISP	271		1,289	
Cleaning	-		297	
Computer upgrades	86		1,144	
Stationery and office consumables	-		1,179	
Audit	1,776		1,710	
Management fee	4,800		2,400	
Miscellaneous expenses	145		143	
Subscriptions	109		-	
	-----		-----	
		40,045		47,158
		-----		-----
<u>Operating profit / (loss)</u>		10,552		(5,342)
Bank interest received		392		841
		-----		-----
Profit /(loss) on ordinary activities before taxation		10,944		(4,501)
		=====		=====