

**SCOTTISH GOLF UNION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**(Company Number: SC230872)**

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**SCOTTISH GOLF UNION LIMITED****DIRECTORS AND COMPANY INFORMATION****Directors**

Douglas L Connon MBE – Chairman  
Michael WG Clark  
Thomas K Craig (Appointed 23/1/11)  
Brian R M Duguid (Resigned 23/1/11)  
John A Fraser  
Hamish J Grey  
Iain Harvey (Appointed 23/1/11)  
Albert Leslie (Resigned 23/1/11)  
George MacGregor  
William H Miller  
Gordon T Murray  
Maurice Shields  
W Colin Wood

**Company Secretary**

Hamish J Grey

**Registered Office**

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 UNION LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their annual report and financial statements for the year ended 30 September 2011.

#### **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 administering the game of golf in Scotland.

#### **Results and Future Developments**

The results for the year are set out on page 6. The £19,768 profit for the year is added to reserves. The directors consider the profit for the year to be satisfactory.

#### **Amalgamation of Scottish Golf Union and Scottish Ladies' Golfing Association**

During the year talks continued amongst the stakeholders in the men's and ladies' amateur game. While there is widespread acceptance that amalgamation of the men's and ladies' governing bodies would be highly desirable, detailed proposals have still to be agreed. The directors are committed to seeking an acceptable basis for amalgamation.

#### **Fixed Assets**

Details of movements in fixed assets are set out in note 5 to the financial statements.

**SCOTTISH GOLF UNION LIMITED****REPORT OF THE DIRECTORS (Cont'd)****Share Capital**

Details of the share capital are provided at note 9 to the financial statements.

**Directors**

The directors who served during the year are as noted 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 provisions applicable to companies under the Small Companies' Regime, and was approved by the board on 15 November 2011 and signed on its behalf by:

Signed on behalf of the Board

Hamish J Grey  
Secretary  
15 November 2011

## **SCOTTISH GOLF UNION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCOTTISH GOLF UNION LIMITED**

We have audited the accounts of Scottish Golf Union Limited for the year ended 30 September 2011 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 Chapter 3 of Part 16 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited accounts. Should we become aware of any apparent misstatements or inconsistencies, we consider the implications for the report.

#### **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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 of 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  
15 November 2011

**SCOTTISH GOLF UNION LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	<u>Note</u>	<u>2011</u> £	<u>2010</u> £
<b><u>TURNOVER</u></b>		2,359,047	2,270,865
Direct costs		(1,927,084)	(1,661,530)
<b><u>Gross profit</u></b>		----- 431,963	----- 609,335
Administrative expenses		(432,069)	(448,905)
<b><u>Operating (loss) / profit</u></b>	2	----- (106)	----- 160,430
Interest receivable	3	24,996	24,846
<b><u>Profit on ordinary activities before taxation</u></b>		----- 24,890	----- 185,276
Taxation	4	(5,122)	(5,218)
<b><u>Retained profit for the year</u></b>		----- 19,768 =====	----- 180,058 =====

All of the company's activities are continuing.

There were no recognised gains or losses for 2011 or 2010 other than those included in the profit and loss account. Such profits and losses represent the only movement in shareholders' funds.

A statement of movements on reserves is given in note 11.

**The notes on pages 8 to 14 form part of these financial statements**

**SCOTTISH GOLF UNION LIMITED****BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2011**

	<u>Note</u>	£	<u>2011</u> £	£	<u>2010</u> £
<b><u>Fixed assets</u></b>					
Tangible assets	5		40,823		61,271
Investment in subsidiaries	6		5		5
			-----		-----
			40,828		61,276
<b><u>Current assets</u></b>					
Stock		13,109		-	
Debtors	7	212,864		190,414	
Cash at bank and on hand		1,425,697		1,249,723	
			-----	-----	
		1,651,670		1,440,137	
<b><u>Creditors (amounts falling due within one year)</u></b>					
	8	(507,463)		(336,146)	
			-----	-----	
<b><u>Net current assets</u></b>					
			1,144,207		1,103,991
<b><u>Net assets</u></b>					
			-----		-----
			1,185,035		1,165,267
			=====		=====
<b><u>Capital &amp; reserves</u></b>					
Called up share capital	9		16		16
Share premium	10		402,386		402,386
Profit and loss account	11		782,633		762,865
			-----		-----
<b><u>Shareholders' funds</u></b>					
	12		1,185,035		1,165,267
			=====		=====

The accounts have been prepared in accordance with the provisions applicable to companies under the Small Companies' Regime.

The financial statements on pages 6 to 14 were approved by the Directors on 15 November 2011 and signed

Douglas L Connon MBE  
Chairman  
15 November 2011

**The notes on pages 8 to 14 form part of these financial statements**

## **SCOTTISH GOLF UNION 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 qualifies as a small company. In all other respects, the financial statements are in accordance with applicable accounting standards.

##### **Subsidiary undertaking**

The company and its subsidiaries comprise a small group. The company has taken the advantage of the exemption provided by S402 of the Companies Act 2006 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking but not about its group.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of all fixed assets over their estimated useful lives as follows:-

Computer software and equipment	expensed in year of purchase
Golf Buggies	straight line over 2-4 years
Motor Vehicles	straight line over 5 years
Improvements to New Premises	straight line over 5 years
Performance Equipment	straight line over 5 years

Clothing issued to internationalists remains the property of the company, but is expensed on purchase. Certain items of clothing, equipment and services are made available to the company as a result of sponsorship arrangements. The value of these items are not included in the accounts, but are reckoned to be equivalent to a cost of £205,000 per annum (2010 - £164,000).

##### **Stock**

Stock of merchandise for resale is stated at the lower of cost and net realisable value.

##### **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.

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**1. ACCOUNTING POLICIES (Continued)**Leases**

Operating lease costs are charged to the profit and loss account as incurred.

**Pensions**

The company operates a money purchase scheme for its employees. Contributions due are included in the year's costs. The funds are administered and invested independently of the company.

**Turnover**

The turnover and profit before taxation are attributable to the principal activity of the company, such activity being wholly within the United Kingdom. Subscription and sponsorship income is recognised in the year in which it is receivable. Income from grants is credited to the profit and loss account in the period to which it relates and is matched with the related project expenditure as this is incurred. Income from short term deposits is credited to the profit and loss account in the period in which it is earned.

2. OPERATING (LOSS) / PROFIT

	<u>2011</u>	<u>2010</u>
	£	£
Operating profit is stated after charging:-		
Directors' remuneration	83,007	76,471
Directors' pension contributions	10,732	9,485
Auditor's fees	3,965	3,850
Depreciation of owned tangible assets	22,116	20,526
Property rentals expenditure	63,000	63,000
Hire of plant and machinery- vehicle operating leases	40,240	38,550
- office equipment	16,500	19,712
Amalgamation costs	28,704	47,913
Gain on disposal of tangible fixed assets	(250)	-
	=====	=====
<b><u>Staff costs (including directors)</u></b>		
Gross salaries	684,502	629,861
Social security costs	72,785	71,589
Other pension costs	76,820	59,833
	-----	-----
	834,107	761,283
	=====	=====

Retirement benefits are accruing to one director (2010: one) under a money purchase scheme.

The average monthly numbers of employees, including directors, during the year were as follows:-

	<u>2011</u>	<u>2010</u>
	<u>No.</u>	<u>No.</u>
Direct activities	15	14
Administration	4	5
Non – executive directors	10	10
	-----	-----
	29	29
	====	====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**3. **INTEREST**

	<u>2011</u>	<u>2010</u>
	£	£
Bank interest receivable	24,996	24,846
	=====	=====

4. **TAXATION**

	<u>2011</u>	<u>2010</u>
	£	£
Corporation tax arising in year	5,124	5,218
Prior year over provision	(2)	-
	-----	-----
	5,122	5,218
	=====	=====

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

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

5. **TANGIBLE FIXED ASSETS**

	<u>Office</u>	<u>Golf</u>	<u>Motor</u>	<u>Performance</u>	<u>Total</u>
	<u>Improvements</u>	<u>Buggies</u>	<u>Vehicles</u>	<u>Equipment</u>	<u></u>
<b><u>Cost</u></b>	£	£	£	£	£
At start of year	59,995	10,750	36,793	13,851	121,389
Additions	1,668	-	-	-	1,668
Disposals	-	(10,750)	-	-	(10,750)
	-----	-----	-----	-----	-----
At end of year	61,663	-	36,793	13,851	112,307
	-----	-----	-----	-----	-----
<b><u>Aggregate depreciation</u></b>					
At start of year	30,338	10,750	18,340	690	60,118
Charge for the year	11,988	-	7,368	2,760	22,116
On disposals	-	(10,750)	-	-	(10,750)
	-----	-----	-----	-----	-----
At end of year	42,326	-	25,708	3,450	71,484
	-----	-----	-----	-----	-----
<b><u>Net book value</u></b>					
At end of year	19,337	-	11,085	10,401	40,823
	=====	=====	=====	=====	=====
At start of year	29,657	-	18,453	13,161	61,271
	=====	=====	=====	=====	=====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****6. INVESTMENT IN SUBSIDIARIES****At Cost :-** £At 1 October 2010 and 30 September 2011 5  
=====

## Subsidiary Undertakings at 30 September 2011

Name	Country of Incorporation	Nature of Business	Class of Share	Proportion of shares held	Profit/(Loss) for year £	Share Capital and reserves £
Scottish Golf Environment Group Ltd	Scotland	Promotion of best environmental practices at golf courses	Ord £1 shares	100%	(561)	44,333
Scotland Golf Ltd	Scotland	Dormant	Ord £1 Shares	100%	-	1
Scottish Golf Ltd	Scotland	Dormant	Ord £1 Shares	100%	-	1

## Associate Company at 30 September 2011

Clubgolf (Scotland) Ltd	Scotland	Promotion of participation by juniors in game of golf	Ord £1 shares	33.3%	9,145	237,929
			"A" Ord £1 shares	100%		

**7. DEBTORS**

	<u>2011</u> £	<u>2010</u> £
Trade debtors	116,461	105,719
Sundry debtors and prepayments	87,724	74,713
Due from subsidiaries	1,809	1,134
Due from associate company	6,870	8,848
	-----	-----
	212,864	190,414
	=====	=====

**SCOTTISH GOLF UNION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)8. CREDITORS (amounts falling due within one year)

	<u>2011</u>	<u>2010</u>
	£	£
Trade creditors	203,832	104,057
Sundry creditors and accruals	112,852	142,339
Corporation tax	5,124	5,218
Other taxation and social security	67,412	35,970
Deferred income	98,206	38,562
Due to subsidiaries	20,000	10,000
Due to associate company	37	-
	-----	-----
	507,463	336,146
	=====	=====

9. SHARE CAPITAL

	<u>2011</u>	<u>2010</u>
	£	£
<b><u>Allotted, called up and fully paid</u></b>		
Ordinary shares of £1 each	16	16
	==	==

10. SHARE PREMIUM

Operations by the Company commenced 1 February 2004. Prior to this date the activities were carried on by an unincorporated association known as the Scottish Golf Union. The retained reserves accumulated from these operations were vested in the company on 1 February 2004 giving rise to the share premium.

11. PROFIT AND LOSS ACCOUNT

	<u>2011</u>	<u>2010</u>
	£	£
At 1 October 2010	762,865	582,807
Profit for the year	19,768	180,058
	-----	-----
At 30 September 2011	782,633	762,865
	=====	=====

12. MOVEMENT ON SHAREHOLDERS' FUNDS

	<u>2011</u>	<u>2010</u>
	£	£
Opening shareholders' funds at 1 October 2010	1,165,267	985,209
Profit for the year	19,768	180,058
	-----	-----
Closing shareholders' funds at 30 September 2011	1,185,035	1,165,267
	=====	=====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****13. CAPITAL AND OTHER COMMITMENTS**

At the balance sheet date the company had the following operating lease commitments:

	<u>2011</u>	<u>2010</u>
	£	£
Annual cost of operating leases expiring within one year:		
Motor vehicles	40,240	-
Annual cost of operating leases expiring within two to five years:		
Office equipment	16,500	-
Motor vehicles	-	38,550
Land and buildings	63,000	63,000
Annual cost of operating leases expiring after five years:-		
Office equipment	-	19,700
	-----	-----
	119,740	121,250
	=====	=====

**14. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES**

There were no transactions with the directors and related parties other than business expenses claimed totalling £13,098 (2010 - £6,153).

During the year the company provided core funding support to Scottish Golf Environment Group Ltd, a subsidiary company, amounting to £40,000 of which £20,000 is included in creditors. Scottish Golf Union Limited also received £4,800 in management charges (2010 - £4,800). Various costs are incurred by Scottish Golf Union Limited and which are then subsequently recharged to Scottish Golf Environment Group Limited. At the year end £ 1,809 is included in debtors (2010 - £1,134).

During the year, the company received £3,500 from Clubgolf (Scotland) Limited, a joint venture, in respect of child protection services (2010 - £3,400) and £20,000 in respect of management charges (2010 - £20,000). The company also paid £5,843 to Clubgolf (Scotland) Limited (2010 - NIL) as a grant. At the year end the following amounts were outstanding - £6,870 included in debtors (2010 - £8,848) and £37 (2010 - £NIL) included in creditors.

The company provided the 16 Area Golf Associations, the controlling parties of Scottish Golf Union Limited, with coaching grants of £1,250 each amounting to £20,000 (2010 - £20,000) in the current year as well as providing Area Team Championship grants to 5 (2010 - 5) Area Golf Associations totalling £2,500 (2010 - £2,500).

**SCOTTISH GOLF UNION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)15. CONTROLLING PARTIES

The controlling parties of the company are the 16 Area Golf Associations, as they own 100% of the issued share capital. Golf Clubs affiliated to the Area Golf Associations and Scottish Golf Union Limited finance the company by subscription based on number of Club members. The value of subscriptions included in turnover for the year amounted to £1,541,840 (2010: £1,473,546).

## **SCOTTISH GOLF UNION LIMITED**

### **DETAILED PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	<u>Note</u>	£	<u>2011</u> £	£	<u>2010</u> £
<b><u>Income</u></b>					
Subscriptions			1,541,840		1,473,546
Sponsorship			200,927		192,761
Coaching and Other Grants			382,266		349,585
Events & Commercial			121,659		96,830
Development			112,355		158,143
			-----		-----
			2,359,047		2,270,865
<b><u>Direct activity costs</u></b>					
Events		393,580		357,971	
Development		617,711		491,577	
Performance		915,793		811,982	
		-----		-----	
			(1,927,084)		(1,661,530)
<b><u>Administrative expenses</u></b>					
Central Administration, Marketing and Communications		278,947		298,402	
Donations and dues		22,856		43,214	
Office bearers		10,426		4,376	
Non recoverable VAT		97,724		82,387	
Depreciation		22,116		20,526	
		-----		-----	
			(432,069)		(448,905)
			-----		-----
<b><u>Operating (loss) / profit</u></b>			(106)		160,430
Bank Interest receivable			24,996		24,846
			-----		-----
<b><u>Profit on ordinary activities before taxation</u></b>			24,890		185,276
			=====		=====