

**SCOTTISH GOLF UNION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**  
  
**(Company Number: SC230872)**

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

Alistair J Low – Chairman (resigned 25/1/09)  
Douglas L Connon MBE – Chairman (appointed 25/1/09)  
Robert M Burns  
Douglas R Corner  
Brian R M Duguid  
John A Fraser  
Hamish J Grey  
Albert Leslie  
William H Miller  
William F Mitchell (resigned 25/1/09)  
Gordon T Murray (appointed 25/1/09)  
Ian H Ross  
John H Sommerville (resigned 25/1/09)  
W Colin Wood (appointed 25/1/09)

**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 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 administering the game of golf in Scotland.

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

The results for the year are set out on page 6. The £7,826 profit for the year is added to reserves. The directors consider the profit for the year to be satisfactory.

#### **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.

On 25 January 2009 Douglas L Connon MBE was appointed chairman, in succession to Alistair J Low.

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 19 November 2009 and signed on its behalf by:

Signed on behalf of the Board

Hamish J Grey  
Secretary  
19 November 2009.

## **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 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 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  
19 November 2009

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

	<u>Note</u>	<u>2009</u> £	<u>2008</u> £
<b><u>TURNOVER</u></b>		2,204,001	2,157,033
Direct costs		(1,747,121)	(1,725,960)
<b><u>Gross profit</u></b>		----- 456,880	----- 431,073
Administrative expenses		(471,819)	(488,233)
<b><u>Operating loss</u></b>	2	----- (14,939)	----- (57,160)
Interest receivable	3	28,828	82,193
<b><u>Profit on ordinary activities before taxation</u></b>		----- 13,889	----- 25,033
Taxation	4	(6,063)	(16,850)
<b><u>Retained profit for the year</u></b>		----- 7,826 =====	----- 8,183 =====

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 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 2009**

	<u>Note</u>	£	<u>2009</u> £	£	<u>2008</u> £
<b><u>Fixed assets</u></b>					
Tangible assets	5		67,946		82,559
Investment in subsidiaries	6		5		5
			-----		-----
			67,951		82,564
<b><u>Current assets</u></b>					
Debtors	7	99,962		104,926	
Cash at bank and on hand		1,125,849		1,072,220	
			-----	-----	
		1,225,811		1,177,146	
<b><u>Creditors (amounts falling due within one year)</u></b>					
	8	(308,553)		(282,327)	
			-----	-----	
<b><u>Net current assets</u></b>					
			917,258		894,819
<b><u>Net assets</u></b>					
			-----		-----
			985,209		977,383
			=====		=====
<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		582,807		574,981
			-----		-----
<b><u>Shareholders' funds</u></b>					
	12		985,209		977,383
			=====		=====

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

The financial statements on pages 6 to 14 were approved by the Directors on 19 November 2009 and signed

Douglas L Connon MBE  
Chairman  
19 November 2009.

**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 is 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

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 £ 116,000 per annum (2008 - £135,500).

##### **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

	<u>2009</u> £	<u>2008</u> £
Operating loss is stated after charging:-		
Directors' remuneration	78,013	74,956
Directors' pension contributions	6,210	5,938
Auditors' fees	3,850	3,850
Depreciation of owned tangible assets	19,865	13,560
Property rentals expenditure	63,000	73,524
Hire of plant and machinery- vehicle operating leases	46,284	38,344
- office equipment	16,233	14,481
	=====	=====
<b><u>Staff costs (including directors)</u></b>		
Gross salaries	674,034	656,923
Social security costs	74,616	67,581
Other pension costs	49,796	49,031
	-----	-----
	798,446	773,535
	=====	=====

Retirement benefits are accruing to one director (2008: one) under a money purchase scheme.

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

	<u>2009</u> No	<u>2008</u> No.
Direct activities	16	16
Administration	5	6
Non – executive directors	10	10
	-----	-----
	31	32
	===	===

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

	<u>2009</u>	<u>2008</u>
	£	£
Bank interest receivable	28,828	82,193
	=====	=====

4. **TAXATION**

	<u>2009</u>	<u>2008</u>
	£	£
Corporation tax arising in year	6,054	16,850
Prior year under provision	9	-
	-----	-----
	6,063	16,850
	=====	=====

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>Total</u>
	<u>Improvements</u>	<u>Buggies</u>	<u>Vehicles</u>	<u>£</u>
<b><u>Cost</u></b>		£	£	£
At start of year	54,743	10,750	36,793	102,286
Additions	5,252	-	-	5,252
	-----	-----	-----	-----
At end of year	59,995	10,750	36,793	107,538
	-----	-----	-----	-----
<b><u>Aggregate depreciation</u></b>				
At start of year	6,603	9,502	3,622	19,727
Charge for the year	11,753	756	7,356	19,865
	-----	-----	-----	-----
At end of year	18,356	10,258	10,978	39,592
	-----	-----	-----	-----
<b><u>Net book value</u></b>				
At end of year	41,639	492	25,815	67,946
	=====	=====	=====	=====
At start of year	48,140	1,248	33,171	82,559
	=====	=====	=====	=====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****6. INVESTMENT IN SUBSIDIARIES****At Cost :-** £At 1 October 2008 and 30 September 2009 5  
=====

## Subsidiary Undertakings at 30 September 2009

Name	Country of Incorporation	Nature of Business	Class of Share	Proportion of shares held	Profit for year	Share Capital and reserves
					£	£
Scottish Golf Environment Group Ltd	Scotland	Promotion of best environmental practices at golf courses	Ord £1 shares	100%	10,862	36,090
Scotland Golf Ltd	Scotland	Dormant	Ord £1 Shares	100%	-	1
Scottish Golf Ltd	Scotland	Dormant	Ord £1 Shares	100%	-	1

## Joint Venture at 30 September 2009

Clubgolf (Scotland) Ltd	Scotland	Promotion of participation by juniors in game of golf	Ord £1 shares	33.3%	85,596	185,443
			"A" Ord £1 shares	100%		

**7. DEBTORS**

	<u>2009</u>	<u>2008</u>
	£	£
Trade debtors	31,300	47,596
Sundry debtors and prepayments	63,821	51,976
Due from subsidiaries	936	517
Due from associate	3,905	4,837
	-----	-----
	99,962	104,926
	=====	=====

Included within sundry debtors and prepayments is £ NIL (2008 – £6,200) which is receivable after more than one year.

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

	<u>2009</u>	<u>2008</u>
	£	£
Trade creditors	98,589	113,444
Sundry creditors and accruals	148,611	89,862
Corporation tax	6,054	16,850
Other taxation and social security	44,969	32,019
Deferred income	6,330	27,090
Due to subsidiaries	-	3,062
Due to associate	4,000	-
	-----	-----
	308,553	282,327
	=====	=====

**9. SHARE CAPITAL**

	<u>2009</u>	<u>2008</u>
	£	£
<b><u>Authorised</u></b>		
Ordinary shares of £1 each	10,000,000	10,000,000
	=====	=====
<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>2009</u>	<u>2008</u>
	£	£
At 1 October 2008	574,981	566,798
Profit for the year	7,826	8,183
	-----	-----
At 30 September 2009	582,807	574,981
	=====	=====

**12. MOVEMENT ON SHAREHOLDERS' FUNDS**

	<u>2009</u>	<u>2008</u>
	£	£
Opening shareholders' funds	977,383	969,200
Profit for the year	7,826	8,183
	-----	-----
Closing shareholders' funds	985,209	977,383
	=====	=====

**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>2009</u>	<u>2008</u>
	£	£
Annual cost of operating leases expiring within one year:		
Motor vehicles	4,304	39,878
Annual cost of operating leases expiring within two to five years:		
Office equipment	15,363	15,363
Motor vehicles	34,842	-
Land and buildings	63,000	63,000
	-----	-----
	117,509	118,241
	=====	=====

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

There were no transactions with the directors and related parties other than business expenses claimed totalling £20,444 (2008 - £18,953).

During the year the company provided core funding support to Scottish Golf Environment Group Ltd, a subsidiary company, amounting to £30,000 of which £15,000 is included in accruals. Scottish Golf Union Limited also received £4,800 in management charges (2008 - £Nil). 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 £936 is included in debtors (2008 - £517).

During the year, the company received £23,000 from Clubgolf (Scotland) Limited, a joint venture, in respect of child protection services (2008 - £23,000) and £20,000 in respect of management charges (2008 - £22,400). The company also paid £4,000 to Clubgolf (Scotland) Limited (2008 - £4,621) as a grant. At the year end the following amounts were outstanding - £3,905 included in debtors (2008 - £4,837) and £4,000 (2008 - £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 (2008 - £20,000) in the current year as well as providing Area Team Championship grants to the same 16 Area Golf Associations totalling £19,995 (2008 - £24,430).

**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 £1,311,768 (2008: £1,297,551).

# **SCOTTISH GOLF UNION LIMITED**

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

	<u>Note</u>	£	<u>2009</u> £	£	<u>2008</u> £
<b><u>Income</u></b>					
Subscriptions			1,311,768		1,297,551
Sponsorship			263,111		280,830
Coaching and Other Grants			380,445		357,444
Events & Commercial			89,141		102,653
Club services			54,733		57,155
Development			104,803		61,400
			-----		-----
			2,204,001		2,157,033
<b><u>Direct activity costs</u></b>					
Events		446,684		505,861	
Club services		203,074		196,973	
Development		241,785		166,168	
Performance		855,578		856,958	
			-----	-----	
			(1,747,121)		(1,725,960)
<b><u>Administrative expenses</u></b>					
Central Administration, Marketing and Communications		330,848		331,167	
Donations and dues		48,167		40,928	
Office bearers		5,478		11,190	
Non recoverable VAT		67,461		91,388	
Depreciation		19,865		13,560	
			-----	-----	
			(471,819)		(488,233)
<b><u>Operating loss</u></b>					
			(14,939)		(57,160)
Bank Interest receivable			28,828		82,193
Interest payable			-		-
			-----		-----
<b><u>Profit on ordinary activities before taxation</u></b>			13,889		25,033
			=====		=====