

**SCOTTISH GOLF UNION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

**(Company Number: 230 872)**

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

Alistair J Low – Chairman  
James M Burnett  
Robert M Burns  
Douglas R Corner  
Michael I R Dickson  
Brian G Ewing  
Hamish J Grey  
Gordon O McInnes (resigned 28/1/07)  
William F Mitchell  
David G Moir (appointed 28/1/07)

**Company Secretary**

Hamish J Grey

**Registered Office**

Drumoig  
Leuchars  
FIFE  
KY16 0DW

**Bankers**

Bank of Scotland  
564 Queensferry Road  
EDINBURGH  
EH4 6AT

**Lawyers**

Dundas & Wilson  
Saltire Court  
20 Castle Terrace  
EDINBURGH  
EH1 2EN

**Auditors**

Henderson Loggie  
Chartered Accountants and Registered Auditors  
DUNDEE  
DD1 1DZ

**Registered Number**

230 872

## **SCOTTISH GOLF UNION LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their annual report and financial statements for the year ended 30 September 2007.

#### **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 year. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.

#### **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 £22,315 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. No director held a beneficial interest in the company's issued ordinary shares.

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.

**Auditors**

A resolution to re-appoint Messrs Henderson Loggie Chartered Accountants as the company auditors and to authorise the Directors to determine their remuneration will be presented at the Annual General Meeting

**Approval**

The Directors' Report has been prepared in accordance with special provisions of Part V11 of the Companies Act 1985 relating to small companies and was approved by the Directors on 22 November 2007.

Signed on behalf of the Board

Hamish J Grey  
Secretary  
22 November 2007

## **SCOTTISH GOLF UNION LIMITED**

### **INDEPENDENT AUDITORS' 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 2007 which comprise the profit and loss account, the balance sheet and related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the accounts.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the accounts.

Henderson Loggie  
Chartered Accountants  
Registered Auditors  
Dundee  
22 November 2007

**SCOTTISH GOLF UNION LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<u>Note</u>	<u>2007</u> £	<u>2006</u> £
<b><u>TURNOVER</u></b>		2,063,949	2,019,986
Direct costs		(1,709,527)	(1,642,851)
<b><u>Gross profit</u></b>		354,422	377,135
Administration		(395,220)	(363,634)
<b><u>Operating (loss) / profit</u></b>	2	(40,798)	13,501
Interest receivable	3	78,401	64,721
<b><u>Profit on ordinary activities before taxation</u></b>		37,603	78,222
Taxation	4	(15,288)	(12,297)
<b><u>Retained profit for the period</u></b>		22,315	65,925
Retained profit brought forward		544,483	478,558
<b><u>Retained profit carried forward</u></b>		566,798	544,483
		=====	=====

There were no recognised gains or losses for 2007 or 2006 other than those included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements

**SCOTTISH GOLF UNION LIMITED****BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2007**

	<u>Note</u>	£	<u>2007</u> £	£	<u>2006</u> £
<b><u>Fixed assets</u></b>					
Tangible assets	5	3,083		7,708	
Investment in subsidiaries	6	5		3	
		-----		-----	
			3,088		7,711
<b><u>Current assets</u></b>					
Debtors	7	82,098		147,649	
Cash at bank and on hand		1,186,924		1,120,666	
		-----		-----	
		1,269,022		1,268,315	
<b><u>Creditors (amounts falling due within one year)</u></b>					
	8	(302,910)		(329,141)	
		-----		-----	
<b><u>Net current assets</u></b>					
			966,112		939,174
<b><u>Net assets</u></b>					
			-----		-----
			969,200		946,885
			=====		=====
<b><u>Capital &amp; reserves</u></b>					
Called up share capital	9		16		16
Share premium	10		402,386		402,386
Profit and loss			566,798		544,483
			-----		-----
<b><u>Shareholders' funds</u></b>					
	11		969,200		946,885
			=====		=====

The financial statements have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies.

The financial statements on pages 6 to 12 were approved by the Directors on 22 November 2007 and signed

Alistair J Low  
Chairman  
22 November 2007

## **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 advantage of the exemption provided by S248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and 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:-

Furniture & equipment	straight line basis over 2-4 years
Computer software and equipment	expensed in year of purchase
Golf Buggies	straight line basis over 2-4 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 £80,000 per annum.

##### **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**

Assets acquired under finance leases are capitalised and depreciated over their useful economic lives. Outstanding obligations under the leases, net of finance charges, are included as a liability. 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.

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

	<u>2007</u> £	<u>2006</u> £
Operating (loss)/profit is stated after charging:-		
Directors' remuneration	70,074	69,980
Directors' pension contributions	5,760	5,475
Auditors' fees	3,500	4,000
Depreciation of owned tangible assets	4,625	2,500
Property rentals expenditure	44,507	39,658
Property rentals income	-	(2,658)
Profit on sale of fixed asset	-	(520)
Hire of plant and machinery- vehicle operating leases	30,984	29,407
- office equipment	8,980	4,555
	=====	=====
<b><u>Staff costs (including directors)</u></b>		
Gross salaries	605,889	616,846
Social security costs	63,720	66,866
Other pension costs	45,871	38,406
	-----	-----
	715,480	722,118
	=====	=====

Retirement benefits are accruing to one director (2006: one) under a money purchase scheme.

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

	<u>2007</u> <u>No</u>	<u>2006</u> <u>No.</u>
Direct activities	15	17
Administration	6	6
Non –executive directors	8	8
	-----	-----
	29	31
	====	====

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

	<u>2007</u>	<u>2006</u>
	£	£
Bank interest receivable	78,401	64,721
	=====	=====

4. **TAXATION**

	<u>2007</u>	<u>2006</u>
	£	£
Corporation tax arising in year	15,288	12,297
Prior year under provision	-	-
	-----	-----
	15,288	12,297
	=====	=====

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>Golf</u>	<u>Office</u>	<u>Total</u>
	<u>Buggies</u>	<u>Equipment</u>	
	£	£	£
<b><u>Cost</u></b>			
At start of year	9,250	-	9,250
Additions	-	-	-
Disposals	-	-	-
	-----	-----	-----
At end of year	9,250	-	9,250
	-----	-----	-----
<b><u>Aggregate depreciation</u></b>			
At start of year	1,542	-	1,542
Charge for the year	4,625	-	4,625
Disposals	-	-	-
	-----	-----	-----
At end of year	6,167	-	6,167
	-----	-----	-----
<b><u>Net book value</u></b>			
At end of year	3,083	-	3,083
	=====	=====	=====
At start of year	7,708	-	7,708
	=====	=====	=====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****6. INVESTMENT IN SUBSIDIARIES**

<b>At Cost :-</b>	£
At 30 September 2006	3
Additions	2
	-----
At 30 September 2007	5
	=====

## Subsidiary Undertakings at 30 September 2007

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%	(1,697)	29,901
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 2007

Clubgolf (Scotland) Ltd	Scotland	Promotion of participation by juniors in game of golf	Ord £1 shares	33.3%	3,496	3,500
			"A" Ord £1 shares	100%		

**7. DEBTORS**

	<u>2007</u> £	<u>2006</u> £
Trade debtors	38,899	98,529
Sundry debtors and prepayments	41,605	47,976
VAT receivable	692	-
Due from subsidiaries	-	1,144
Due from associate	902	
	-----	-----
	82,098	147,649
	=====	=====

All debtors are receivable within one year.

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

	<u>2007</u>	<u>2006</u>
	£	£
Trade creditors	80,171	105,757
Sundry creditors and accruals	135,090	125,429
Corporation tax	15,288	12,297
Other taxation and social security	20,330	32,405
Deferred income	52,031	53,253
Due to subsidiaries	-	-
	-----	-----
	302,910	329,141
	=====	=====

9. **SHARE CAPITAL**

	<u>2007</u>	<u>2006</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. **MOVEMENT ON SHAREHOLDERS' FUNDS**

	<u>2007</u>	<u>2006</u>
	£	£
Opening shareholders' funds	946,885	880,960
Profit for the year	22,315	65,925
	-----	-----
Closing shareholders' funds	969,200	946,885
	=====	=====

**SCOTTISH GOLF UNION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****12. CAPITAL AND OTHER COMMITMENTS**

Early in 2008 the Company will move its premises to the Dukes Golf Course, St Andrews. The premises will be rented from The Old Course Limited on an initial ten year lease. The annual rental of the premises is £63,000 per annum, reviewable after five years. In addition the Company will require to incur costs to fit out the premises for its use. The cost of this work is anticipated to be £65,000.

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

	<u>2007</u>	<u>2006</u>
	£	£
Annual cost of operating leases expiring within one year:		
Office equipment	-	-
Motor vehicles	34,827	17,293
Land and buildings	12,851	-
Annual cost of operating leases expiring within two to five years:		
Office equipment	7,901	7,726
Motor vehicles	-	-
Land and buildings	63,000	38,000
	-----	-----
	118,579	63,019
	=====	=====

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

There were no transactions with the directors and related parties other than business expenses claimed. 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 relates to the current period with the balance of £15,000 relating to a future period.

**14. 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 £1,274,510 (2006: £1,244,138).

# **SCOTTISH GOLF UNION LIMITED**

## **DETAILED PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<u>Note</u>	<u>2007</u> £	<u>2006</u> £
<b><u>Income</u></b>			
Subscriptions		1,274,510	1,244,138
Sponsorship		263,190	176,825
Coaching and other Grants		382,548	301,957
Events		69,330	58,578
Club services		74,371	73,331
Clubgolf <b>sportscotland</b> Grant		-	165,157
		-----	-----
		2,063,949	2,019,986
<b><u>Direct activity costs</u></b>			
Events	510,605	386,389	
Club services	319,688	318,288	
Clubgolf <b>sportscotland</b> costs	-	165,157	
Internationals	234,383	251,546	
Coaching	575,578	453,368	
Performance	69,273	68,103	
	-----	-----	
		(1,709,527)	(1,642,851)
<b><u>Administration</u></b>			
Central Administration, Marketing And Communications	255,552	223,086	
Donations and dues	39,077	38,911	
Office bearers	13,564	8,087	
Relocation costs	19,140		
Non recoverable VAT	63,262	91,050	
Depreciation	4,625	2,500	
	-----	-----	
		(395,220)	( 363,634)
		-----	-----
<b><u>Operating (loss) / profit</u></b>		(40,798)	13,501
Bank Interest receivable		78,401	64,721
Interest payable		-	-
		-----	-----
<b><u>Profit before taxation</u></b>		37,603	78,222
		=====	=====