Registered number: 01867610

PGA EUROPEAN TOUR
AND ITS SUBSIDIARY UNDERTAKINGS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PGA EUROPEAN TOUR

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PGA EUROPEAN TOUR

COMPANY INFORMATION

Directors	D G Williams (Chairman) M Brass Sir D Buffini P Eales C L H Hanell D Jones R W Lee P McGinley E Nicoli M A Roe J af Rosenborg D J Russell O Sellberg J S Spence
Company secretary	J Fletcher
Registered number	01867610
Registered office	European Tour Building Wentworth Drive Virginia Water Surrey GU25 4LX
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
Bankers	Barclays Bank Plc 28 George Street Luton Bedfordshire LU1 2AE

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report and the audited consolidated financial statements of PGA European Tour (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2018.

Business Review

Overview of PGA European Tour

The PGA European Tour Group (the "Group") is comprised of a number of subsidiaries and joint venture entities engaged in the promotion, management and administration of professional tournament golf. The business is run by a professional staff of over 250 people and is headquartered at Wentworth in Virginia Water, Surrey. The PGA European Tour is overseen by a Board of Directors including past and present playing members and by a Tournament Committee comprising a maximum of 15 current players. In addition, there is 1 shadow director who works with the Board to advise in areas where their expertise and experience are relevant.

The European Tour celebrates men's professional golf on a global stage. In 2018, the European Tour International Schedule featured 47 tournaments in 26 countries, including 8 Rolex Series events, all part of the Race to Dubai.

Celebrating the global connectivity of the European Tour and Dubai, the Race to Dubai is a season-long competition to crown the European Tour's Number One player, an honour which, in 2018, went to Italy's Francesco Molinari for the first time and, which since 2009, has also been achieved three times by Rory McIlroy, twice by Henrik Stenson as well as by Lee Westwood, Martin Kaymer and Luke Donald. Formerly known as the Order of Merit, points are accumulated based on prize money won, with the top five ranked players at the end of the season sharing a $5million Race to Dubai bonus pool.

Since its formation in 1972, the European Tour has witnessed 27 Members celebrate a total of 53 Major Championship titles between them, enjoyed 10 Members attaining the pinnacle of World Number One and has celebrated its diversity as players from 36 different countries have won on the Tour.

The European Tour also manages the Challenge Tour, which featured 27 tournaments in 21 countries in 2018, and the Staysure Tour, which featured 16 tournaments in 12 countries in 2018. It is also the Managing Partner of Ryder Cup Europe LLP, the body which, alongside the PGA of America, administers golf's greatest team contest, The Ryder Cup.

The European Tour broadcasts live coverage of its tournaments to more than 490 million homes in more than 150 countries every week, generating in excess of 2,200 global broadcast hours for each event. It also enjoys the support of many of the world's leading business brands with Rolex, BMW, Emirates and Titleist as Official Partners.

Review of the Year

2018 was the culmination of a very successful four-year cycle for the European tour ending with a home Ryder Cup match at Le Golf National, France.

The Group turnover including joint ventures for the year ended 31 December 2018 was £337,678,000 (2017: £210,923,000). 2018 results include fully consolidated revenue for European Tour Productions Limited which was a joint venture in 2017, as well as fully consolidated revenues for the Ryder Cup.

The Group profit on ordinary activities before taxation was £11,612,000 (2017: loss of £10,370,000). The profit attributable to the PGA European Tour parent company, which excludes the share of Ryder Cup profits owned by third parties, amounted to £4,259,000 (2017: loss of £7,242,000). Group profit is stated after charging £9,541,000 (2017: £614,000) of depreciation and amortisation all of which is attributable to the PGA European Tour Parent Company.

The Company's Articles prohibit the distribution of its reserves.

In terms of the Group's cash flow, PGA European Tour continues to have a strong cash position. As at the end of 2018 the Group had cash balances of £22,688,000 (2017: £24,623,000). These cash reserves will continue to be used to finance the Group's day to day operations and to further invest in the expansion of the PGA

European Tour's operations, the development of prize funds and the advancement of a robust sustainable business model. At the end of 2018, net current assets were replenished showing a balance of £18.2m (2017: £0.4m) in line with the four-year cycle expectation.

It should be noted that European Tour Productions Limited remained a separate wholly owned legal entity in 2018 and therefore is consolidated in Group results throughout.

Principal risks and uncertainties

The future prosperity of the PGA European Tour Group of companies is dependent upon maintaining and growing global interest in tournament golf. The Group currently derives significant income streams from television and also the success of running key tournaments such as the Ryder Cup. PGA European Tour competes with other sports and also other golf tours for sponsorship and other related commercial income. It is important that the PGA European Tour is commercially successful so that it can continue to attract the world's best golfers to participate in the events that it sanctions.

The main risks arising from the Group's activities are as follows:

1) TV broadcasting market changes resulting in a challenge to TV income streams.

2) Golf sponsorship becomes less compelling and sponsorship values decline.

3) The financial and operational health of the promoter network comes under pressure.

4) The attractiveness of the Ryder Cup to both the commercial market and the wider membership declines.

5) An integrity issue occurs.

6) An act of terrorism, conflict or war occurs affecting PGA European Tour's schedules, members or staff.

These and other risks faced by PGA European Tour are reviewed by the executive leadership team at least quarterly and further assessed by the Audit & Risk Committee before appropriate mitigating actions are agreed and implemented.

Financial Risk Management

The main financial risks arising from the Group's activities are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The Group seeks to manage financial risk by ensuring sufficient liquid resource is available to meet foreseeable needs and to invest cash assets safely and profitably.

The market risk facing the entity is primarily currency risk. The Group is exposed to transaction foreign exchange risk some of which cannot, in practice, be mitigated. Where the risk is substantial and can be reliably estimated, transaction exposures, including those associated with forecast transactions, are hedged. This is principally achieved using forward currency contracts when a natural hedge is not available. Details of financial instruments entered into are included in note 20.

The Group's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from the Group's trade debtors. In order to manage credit risk the executive management team agree arrangements for promoters, sponsors and other customers taking account of a number of factors including payment history and third party credit references. Credit arrangements are reviewed by the executive on a regular basis in conjunction with debt ageing and collection history.

Key performance indicators

Summary of key performance indicators

The Board of the PGA European Tour has developed key performance indicators to enable the measurement of financial and operational performance. The financial key performance indicators are listed below:

• Profit/loss on ordinary activities before taxation

• Prize fund payable to the members

The board have also identified an expanded suite of non-financial key performance indicators. These key performance indicators are as follows:

• Playing opportunities

• Top-ranked player participation and average annual strength of field rating

• Stakeholder satisfaction

These indicators will be used to monitor the business and the progress of PGA European Tour. They also form an integral part of the executive and staff reward programmes.

Further analysis of key performance indicators has not been disclosed as in the opinion of the directors' it would be prejudicial to the business to present this information.

Strategy Review

PGA European Tour has three key guiding philosophies under the overall vision of "Leading the transformation of global golf'.

• Player first: recognising that our members are our stars and generate the content that attracts partners and fans to the European Tour International Schedule. Our priority as a business is to be player focused to ensure our members want to play on the European Tour International Schedule week in week out.

• An entertainment company: the PGA European Tour is a world-class entertainment company.

Reflecting this, we are focused on producing enhanced and innovative entertainment content for our fans and took control of PGA European Tour Productions Limited in 2017.

• A global business: the 2018 European Tour International Schedule comprised of 47 events in 26 countries, and we are evolving our organisation to reflect the truly global nature of our business.

Future developments for the Group

PGA European Tour is part way through a journey to transform its operations to deliver more value to its entire membership.

2019 Anticipated outlook

• PGA European Tour will at least maintain existing record levels of playing opportunities and drive top player participation through the development of the Rolex series as well as other events. PGA European Tour will continue to invest in its digital platform, digital content, short form events and broadcast innovations to further enhance fan engagement and broaden appeal to a wider fan base.

• PGA European Tour will continue to work with, and further co-operate with, global partners and other regional tours to grow its event portfolio outside of Europe and strengthen worldwide relationships.

• PGA European Tour will continue to professionalise its commercial operations with a centralised commercial partnerships team and a dedicated ticketing and hospitality function, including additional sales resource and further investment into understanding the wider sponsorship market place and the commercial and strategic objectives of the PGA European Tours sponsors.

• PGA European Tour continues to operate in a disciplined manner and has made recent investments in additional key staff in the fields of Human Resources, Finance, Technology, Commercial and Content.

Budgeting cycle and outlook

2019-2022 cycle

The financial planning for PGA European Tour is carried out over four-year cycles. 2019 marks the start of the new cycle which includes the away Ryder Cup in 2020 and which will finish with the home Ryder Cup in Rome in 2022.

Media and sponsorship have historically been the key annual contributors to the net income of PGA European Tour with the Ryder Cup having its most significant impact during a home match year.

For this upcoming four-year cycle, the successful renegotiation of the European Tour Productions agreement in 2017 will provide incremental free cashflow. In addition we look forward to a successful home Ryder Cup in Italy in 2022.

PGA European Tour is seeking to further develop other income streams to augment its financial position beyond the current cycle.

This report was approved by the board and signed on its behalf by:

Joanne Fletcher

J Fletcher
Secretary

Date: 12th August 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report together with the audited consolidated and company only financial statements of PGA European Tour (the "Group") and PGA European Tour (the "Company") for the year ended 31 December 2018.

Principal activities

The PGA European Tour Group operates a broad range of business initiatives essential to its primary mission of administering professional tournament golf. It is a unique business which generates income for the benefit of its members, the tournament players, who receive their returns by way of competing and winning prize money. The Group operates the European Tour which is the primary golf tour in Europe and also comprises sanctioned tournaments in Australia, Asia, Africa and the Middle East. The Group operates three of the leading men's professional golf tours in these regions, namely the European Tour, the Challenge Tour and the Senior Tour.

Overseas branches

The Group continued to trade from its branches in Spain, Hong Kong, Korea, France and its representative office in China.

Results

The Group profit for the financial year after taxation attributable to the parent company amounted to £4,259,000 (2017: loss of £7,242,000).

Group profit is stated after charging £9,541,000 (2017: £614,000) of depreciation and amortisation all of which is attributable to the PGA European Tour Parent Company.

Directors

The directors who served the Company during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D G Williams (Chairman)
M Brass (appointed 25 June 2018)*
Sir D Buffini (appointed 25 June 2018)*
P Eales
C L H Hanell
D Jones
R W Lee
P McGinley (appointed 25 June 2018)*
E Nicoli (appointed 25 March 2019)
J E O'leary (resigned 31 December 2018)
M A Roe
J af Rosenborg (appointed 25 June 2018)*
D J Russell
O Sellberg
J S Spence

*Previously regarded as shadow directors.

The following are regarded as shadow directors under the Companies Act 2006.
K Pelley

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Charitable donations

Donations to charitable organisations during the year amounted to £246,452 (2017: £291,734). The Group actively seeks to support bodies engaged in the development of golf and also supports the European Tour Foundation which is the charitable foundation of the European Tour and its members.

Audit and Risk Committee

The Group's Independent auditors for the year ended 31 December 2018 were PricewaterhouseCoopers LLP. The board has appointed an audit and risk committee comprising of two board and/or shadow directors, at least one of whom is selected from the player representation of the Board of Directors.

For the purpose of outlining and specifying the functions of the Committee, an activity wheel is prepared which must be approved by the Board of Directors once a year. The activity wheel also comprises the ongoing self-evaluation of the Committee's work and members. The self-evaluation is submitted to the Chairman of the Board of Directors via the Committee's chairman and forms part of the Board of Directors' own self-evaluation.

The Committee meets approximately four times a year. The Chief Financial Officer is invited to present in each meeting, to which the Chief Executive Officer, Chairman of the Board of Directors and the Audit Partner are also invited by the Audit and Risk Committee Chair.

At least one meeting per year, or part thereof, takes place where the Committee meets with the external auditors without the presence of the company's executive team.

The overall tasks and duties of the Committee are to:

• monitor the financial reporting process and the statutory audit of the financial statements;

• challenge where necessary the actions and judgements of the management with particular reference to compliance, critical accounting policies and practices, decisions requiring significant areas of judgement, possible impairments of the Group's assets, the clarity of disclosures, significant audit adjustments and the basis for the going concern assumption;

• review management's or external reports on the effectiveness of the Group's internal control system;

• review the company's procedure for detecting fraud and whistleblowing;

• consider and make recommendations to the Board on the nature and the extent of the key risks the company faces, as set out on page 3, in achieving its strategic objectives and review how to mitigate these risks; and

• review and monitor the independence, objectivity and effectiveness of the external auditors and make recommendations to the Board of Directors on election/re-election of the external auditors.

The members of this committee throughout 2018 were Jutta af Rosenborg (Audit & Risk Committee Chair) and Paul Eales.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Remuneration Committee

The Board has appointed a remuneration committee comprising of three Board and/or shadow directors, at least two of whom are selected from the player representation of the Board of Directors. The committee is responsible to the Board for setting and reviewing a remuneration policy which in particular focuses on a fair remuneration for Executives and Senior Managers thereby enabling PGA European Tour to recruit, retain, motivate and engage high calibre senior staff to deliver its business objectives globally.

The members of this committee throughout 2018 were Ove Sellberg (Remuneration Committee Chair), David Russell, Christopher Hanell and Martha Brass (appointed in June 2018). Except when specifically conflicted, the Chief Executive Officer and PGA European Tour Chairman are invited to participate at each meeting. Susan Gordon, former Chief People & Legal Officer also advised the committee. The committee meet approximately six times per year. Remuneration consists of base salary and performance related pay, together with other benefits including contributions to a defined contribution pension scheme.

Base salary is reviewed annually based on appropriate market comparisons taking into account individuals' responsibilities and experience. In 2018, all employees participated in an annual bonus scheme with the potential to receive additional compensation based on the achievement of corporate and personal KPIs.

A long-term incentive plan was also established from 2016 which rewards the executive leadership team for performance over the four-year budgeting cycle. This plan is linked to the achievement of the key performance indicators referred to within the strategic report. A new plan for 2019 – 2022 was approved by the Board in June 2019.

Nomination Committee

Where a Board or senior executive appointment is to be undertaken, the committee oversees the preparation of a position specification, conducts a rigorous search and selection process using specialist recruitment consultants as applicable, interviews and assesses potential candidates and then recommends the preferred candidate to the Board. The Nomination Committee meets periodically, inviting external advisers as required.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed as Independent Auditors of the PGA European Tour in June 2016 following an extensive tender process.

This report was approved by the board and signed on its behalf by:

Jeannie Fletcher

J Fletcher
Secretary

Date: 14th August 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PGA EUROPEAN TOUR

Report on the audit of the financial statements

Opinion

In our opinion, PGA European Tour's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PGA EUROPEAN TOUR (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PGA EUROPEAN TOUR (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Reading
Date: 19 August 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover			
Group and share of joint ventures' turnover		**337,678**	210,923
Less: share of joint ventures' turnover		**(427)**	(43,167)
Group turnover	4	**337,251**	167,756
Administrative expenses	5	**(316,376)**	(178,234)
Depreciation and Amortisation		**(9,541)**	(614)
Operating profit/(loss)	6	**11,334**	(11,092)
Share of profit of joint venture		**171**	665
Total operating profit/(loss)		**11,505**	(10,427)
Interest receivable and similar income	10	**107**	57
Profit/(loss) before taxation		**11,612**	(10,370)
Tax on profit/(loss)	11	**(1,332)**	825
Profit/(loss) for the financial year		**10,280**	(9,545)
Fair value movement on derivative		**(901)**	83
Currency translation differences		**(19)**	5
True and fair value override		**-**	119,611
Other comprehensive (expense)/income for the financial year		**(920)**	119,699
Total comprehensive income for the financial year		**9,360**	110,154
Profit/(loss) for the financial year attributable to:			
Non-controlling interests		**6,021**	(2,303)
The parent Company		**4,259**	(7,242)
		10,280	(9,545)
Total comprehensive income for the financial year attributable to:			
Non-controlling interest		**6,021**	(2,302)
The parent Company		**3,339**	112,456
Total comprehensive income for the financial year		**9,360**	110,154

The notes on pages 20 to 49 form part of these financial statements.

PGA EUROPEAN TOUR
REGISTERED NUMBER: 01867610

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note		2018 £000		2017 £000
Fixed assets					
Intangible assets	12		**162,748**		170,967
Tangible assets	13		**1,474**		1,217
Investments	14		**330**		330
			164,552		172,514
Current assets					
Debtors	15	**65,634**		45,172	
Cash at bank and in hand	16	**22,688**		24,623	
		88,322		69,795	
Creditors: amounts falling due within one year	17	**(70,080)**		(69,372)	
Net current assets			**18,242**		423
Total assets less current liabilities			**182,794**		172,937
Creditors: amounts falling due after more than one year	18		**-**		(380)
Provisions for liabilities					
Deferred taxation	21		**(46,310)**		(47,256)
Other provisions	22		**(1,901)**		-
Net assets			**134,583**		125,301
Capital and reserves					
Capital reserve	23		**159**		159
Other reserves	23		**118,696**		119,695
Profit and loss account	23		**13,912**		9,653
Equity attributable to owners of the parent Company			**132,767**		129,507
Non-controlling interests			**1,816**		(4,206)
Total shareholders' funds			**134,583**		125,301

The financial statements on pages 13 to 49 were approved and authorised for issue by the board and were signed on its behalf by:

D G Williams
Chairman
Date: 24/4/2019.

PGA EUROPEAN TOUR
REGISTERED NUMBER: 01867610

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Intangible assets	12		**1,949**		1,066
Tangible assets	13		**1,474**		1,217
Investments	14		**2,569**		2,569
			5,992		4,852
Current assets					
Debtors	15	**43,063**		37,412	
Cash at bank and in hand	16	**6,754**		7,908	
		49,817		45,320	
Creditors: amounts falling due within one year	17	**(56,464)**		(43,617)	
Net current (liabilities)/assets			**(6,647)**		1,703
Total assets less current liabilities			**(655)**		6,555
Creditors: amounts falling due after more than one year	18		**-**		(380)
Provisions for liabilities					
Other provisions	22		**(1,901)**		-
Net (liabilities)/assets			**(2,556)**		6,175
Capital and reserves					
Capital reserve	23		**183**		183
Hedging reserve	23		**(105)**		79
Profit and loss account brought forward		**5,913**		9,139	
Loss for the financial year		**(8,547)**		(3,226)	
Profit and loss account carried forward			**(2,634)**		5,913
Total shareholders' (deficit)/funds			**(2,556)**		6,175

The financial statements on pages 13 to 49 were approved and authorised for issue by the board and were signed on its behalf by:

D G Williams
Chairman
Date: 14/6/2019

The notes on pages 20 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Capital reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total shareholders' funds
	£000	£000	£000	£000	£000	£000
At 1 January 2017	159	(4)	16,895	17,050	(1,902)	15,148
Comprehensive expense for the financial year						
Loss for the financial year	-	-	(7,242)	(7,242)	(2,303)	(9,545)
Fair value override	-	119,611	-	119,611	-	119,611
Translation reserve	-	5	-	5	-	5
Fair value movement on derivative	-	83	-	83	-	83
Other comprehensive income for the financial year	-	119,699	-	119,699	-	119,699
Total comprehensive expense for the financial year	-	119,699	(7,242)	112,457	(2,303)	110,154
At 31 December 2017 and 1 January 2018	159	119,695	9,653	129,507	(4,205)	125,302
Comprehensive income for the financial year						
Profit for the financial year	-	-	4,259	4,259	6,021	10,280
Loss for the financial year	-	(79)	-	(79)	-	(79)
Translation reserve	-	(19)	-	(19)	-	(19)
Fair value movement on derivative	-	(901)	-	(901)	-	(901)
Other comprehensive expense for the financial year	-	(999)	-	(999)	-	(999)
Total comprehensive income for the financial year	-	(999)	4,259	3,260	6,021	9,281
Contributions by and distributions to owners						
At 31 December 2018	159	118,696	13,912	132,767	1,816	134,583

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Capital reserve	Hedging reserve	Profit and loss account	Total shareholders' (deficit)/funds
	£000	£000	£000	£000
At 1 January 2017	183	-	9,139	9,322
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(3,226)	(3,226)
Fair value movement on derivative	-	79	-	79
Other comprehensive income for the financial year	-	79	-	79
Total comprehensive expense for the financial year	-	79	(3,226)	(3,147)
At 31 December 2017 and 1 January 2018	183	79	5,913	6,175
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(8,547)	(8,547)
Loss for the financial year	-	(79)	-	(79)
Fair value movement on derivative	-	(105)	-	(105)
Other comprehensive expense for the financial year	-	(184)	-	(184)
Total comprehensive expense for the financial year	-	(184)	(8,547)	(8,731)
At 31 December 2018	183	(105)	(2,634)	(2,556)

The notes on pages 20 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	**10,280**	(9,545)
Adjustments for:		
Amortisation of intangible assets	**9,163**	57
Depreciation of tangible assets	**397**	470
Profit on disposal of tangible assets	**-**	(64)
Interest received	**(107)**	(57)
Taxation	**1,332**	(824)
Increase in trade and other debtors	**(20,569)**	(4,645)
Increase in trade creditors	**(326)**	16,728
Share of profits less losses of joint ventures	**(171)**	(665)
Corporation tax (paid)/received	**(441)**	381
Foreign exchange translation	**(25)**	142
Net cash (used in)/generated from operating activities	**(467)**	1,978
Cash flows from investing activities		
Purchase of intangible assets	**(944)**	(284)
Purchase of tangible assets	**(653)**	(360)
Proceeds from sale of tangible assets	**-**	91
Purchase of subsidiaries net of cash acquired	**-**	6,984
Interest received	**107**	57
Dividends received from joint venture companies	**-**	585
Net cash (used in)/generated from investing activities	**(1,490)**	7,073
Net (decrease)/increase in cash and cash equivalents	**(1,957)**	9,051
Cash and cash equivalents at beginning of financial year	**24,623**	15,714
Foreign exchange gains and losses	**22**	(142)
Cash and cash equivalents at the end of financial year	**22,688**	24,623
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	**22,688**	24,623

The notes on pages 20 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Current asset investments are considered to be cash equivalents.

The accompanying accounting policies and notes form an integral part of these financial statements.

The company is a qualifying entity for the purpose of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

PGA European Tour (the "Company") is a private company limited by guarantee and registered in England and Wales at it registered office of European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX.

The principal activity of the Company is stated in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for the modification to a fair value basis for the forward contracts, as specified in the accounting policies below. and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The parent company's loss for the financial year was £8,547,000 (2017: loss £3,226,000) and the comprehensive expense including the derivative fair value movement for the year was £8,731,000 (2017: expense £3,147,000).

The parent company has also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes

- financial instrument disclosures, including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Basis of consolidation

The consolidated financial statements include those of the company, its subsidiary undertakings, and joint ventures drawn up to 31 December 2018. All Group companies have a financial year end date of 31 December with the exception of EurAsia Cup SDN.BHD, a joint venture between PGA European Tour and the Asian Tour which has a financial year end date of 30 June. Acquisitions of subsidiaries are accounted for using the acquisition method. All intra-Group transactions and balances are eliminated on consolidation.

The consolidated financial statements incorporate the joint ventures under the equity method of accounting, supplemented by additional disclosures as appropriate.

2. Accounting policies (continued)

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 5. The Group has considerable financial resource in both parent and subsidiary companies. The directors have reviewed the forecasts and projections for the Group and have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual .entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the date of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements, exchanged differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of Group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Business combinations and goodwill

The fair value of any business combination is the consideration given, liabilities incurred or assumed plus the costs directly attributable to the business combination. Fair values have been attributed to the identifiable assets and liabilities of any business combination. Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets and liabilities.

2. Accounting policies (continued)

2.5 Turnover

Turnover and (loss)/profit on ordinary activities before taxation, which are derived from continuing operations, are attributable to the promotion, management and administration of the interests and affairs of tournament playing male professional golfers.

Turnover is the total amount receivable by the Group for goods and services provided whilst conducting its principal activities, excluding VAT and trade discounts.

Income recognition policies for specific income streams are as follows:

Prize money

One of the Tour's principal activities is to encourage compelling tournaments which attract significant prize funds from promoters and sponsors. Prize funds collected are shown within turnover as the tournaments take place. Prize funds paid to players are shown with operating expenses at the same time.

Sanction fees

The Group collects sanction fees in exchange for licensing tournaments and adding them to the European Tour schedules. These are recognised as the related event takes place.

Sponsorship income

With the exception of Ryder Cup which is detailed below, the Group allocates revenue over the life of sponsorship contracts by allocating revenue to each event and recognising it as the event occurs.

Television rights income

Television income from the negotiated sale of live and non-live television rights is recognised in the period during which the associated event takes place.

Television production income

Income for live television productions is recognised in the period during which the broadcast or other distribution takes place and derives from a number of sources including broadcasters and event promoters.

Tournament staging income

Ticket income and the sale of hospitality packages for tournaments promoted by the Group are recognised as income when the related event is staged.

Membership and entry fee income

Annual memberships are recognised as income in the year to which the membership relates. Entry fees for tournaments are recognised in the year in which the tournament occurs.

2. Accounting policies (continued)

2.5 Turnover (continued)

Ryder Cup Europe LLP income

Income received during the year is deferred when it relates directly to the next European home Ryder Cup match. Since these revenues relate to long-term contracts for services provided over both match and non-match years, the income is recognised based on the rate at which Ryder Cup Europe LLP obtains the right to consideration in exchange for its performance under the terms of each contract. In normal circumstances income in connection with the granting of television rights under long-term contracts is recognised in match years in line with the screening of the match.

Ryder Cup Europe LLP recognises revenue under fair value model in relation to sponsorship which is linked to the exposure given by the Ryder Cup matches. Long-term revenue contracts are recognised on a percentage completion basis in line with costs incurred in delivering the contract. Revenue from TV, ticketing, and hospitality is recognised in the year in which the match occurs.

2.6 Leases

All of the Group's leases have been classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Termination payments are recognised when the PGA European Tour becomes committed to making a redundancy which would trigger a termination payment.

As detailed in note 7 and 8, the company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider.

2. Accounting policies (continued)

2.10 Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

• the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and

• the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.12 Intangible assets

PGA European Tour's intangible assets consist of:

- goodwill arising on acquisitions;
- intellectual property rights; and
- software.

All intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

Software is amortised over 5 years. Goodwill arising on control of Ryder Cup Europe LLP is amortised over 20 years. PGA European Tour Productions Limited is also being amortised over 20 years being the term of the production and media distribution contract signed on acquisition. Goodwill on the acquisition of FF Golf Production will be amortised over 4 years being the term of the license agreement acquired.

2. Accounting policies (continued)

2.13 Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Freehold building	- 50 years
Building improvements	- 20 years
Field equipment	- 4-7 years
Motor vehicles	- 4 years
Fixtures and fittings	- 7 years
Office and computer equipment	- 3 years

2.14 Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in Consolidated Statement of Comprehensive Income.

2.15 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 Investments in subsidiaries

The Group's investments in subsidiaries are listed in note 14.

A subsidiary is an entity over which the Group has control, typically by owning over 50% of the shares and controlling over 50% of the voting rights.

The parent company statement of financial position shows investments in subsidiaries at cost.

2. Accounting policies (continued)

2.17 Associates and joint ventures

The Group's investments in joint ventures and associates are listed in note 14.

A joint venture is an entity where the Group holds an interest on a long term basis and the entity is jointly controlled by the Group and one or more venturers under a contractual agreement. Additionally, none of the investing entities alone can control that entity, but all together can do so. Decisions on financial and operating policies essential to the activities, economic performance and financial position of that venture require each venturer's consent.

The Group's share of the profits less losses of joint ventures is included in the consolidated income statement. The consolidated statement of financial position includes the investment in joint ventures at the Group's share of net assets. The company statement of financial position shows the investment in joint ventures at cost.

An associate is an entity over which the Group exercises significant influence, but not control (subsidiaries) or joint control under a contractual agreement (joint ventures).

Investments in associates are measured in both the consolidated and individual financial statements at cost less any accumulated impairment losses.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash at bank and in hand is the total amount of money on deposit with a bank or other financial institution. This includes only amounts in current accounts that can be withdrawn on demand, and amounts in deposit accounts which can be withdrawn within a 24 hour period without penalty.

Current asset investments include cash equivalents that have been placed on longer term deposit accounts and that cannot be accessed without notice or penalties being incurred.

2.20 Creditors

Short term creditors are measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.21 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employees are not usually entitled to carry forward any unused! annual leave and therefore the Group does not recognise a provision for unused annual leave.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. Accounting policies (continued)

2.22 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.23 Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes..

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated as a hedging instrument, in which case the effective portion of the hedge is shown within Other Comprehensive Income. The forward contracts described in note 19 have been designated as hedging instruments, with the exception of PGA European Tour Productions Limited.

Hedge accounting is discontinued when either the Group revokes the hedging relationship, or the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At this point the hedging reserve balance relating to that item is transferred back into the Consolidated Statement of Comprehensive Income.

When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. Judgements and estimates are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income recognition

Within the Group there are a number of long term sponsorship contracts. Sponsors receive exposure and other benefits as the events they sponsor take place. With the exception of Ryder Cup which is detailed below, the Group allocates revenue over the life of these contracts by allocating revenue to each event and recognising it as the event occurs.

The Ryder Cup income received during the year is deferred when it relates directly to the next European home Ryder Cup match. Since these revenues relate to long-term contracts for services provided over both match and non-match years, the income is recognised based on the rate at which Ryder Cup Europe LLP obtains the right to consideration in exchange for its performance under the terms of each contract. In normal circumstances income in connection with the granting of television rights under long-term contracts is recognised in match years in line with the screening of the match.

Ryder Cup Europe LLP recognises revenue under fair value model in relation to sponsorship which is linked to the exposure given by the Ryder Cup matches. Long-term revenue contracts are recognised on a percentage completion basis in line with costs incurred in delivering the contract. Revenue from TV, ticketing, and hospitality is recognised in the year in which the match occurs.

Provisions against debtors

The Group operates globally with a diverse set of clients. The ability to collect receivables is assessed on an ongoing basis. A provision for a poorly performing debt is made for any account considered to be doubtful of collection.

Any provision is made based on a review of all outstanding accounts as at the reporting date. A considerable amount of judgement and estimate is required in assessing the ultimate realisation of these receivables, including the creditworthiness, the past collection history of each customer and subsequent collection up to date of report.

Depreciation and amortisation rates

The Group depreciates or a mortises its tangible and intangible fixed assets over their estimated useful lives, as more fully described in the accounting policies for Intangible and Tangible assets in section 2.12 and 2.13. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, developments in the wider business and maintenance programmes.

Taxation

The Group is subject to income taxes in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes, deferred tax assets and liabilities recognised in the consolidated financial statements. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. Details on the tax charge and assets and liabilities recorded are set out in note 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies (continued)

Legal claims

The Group is, from time to time and in the normal course of business, subject to legal claims, actions or proceedings. When such circumstances arise, management consider the likelihood of a material outflow of economic resources and provides for its best estimate of costs where an outflow of economic resources is considered probable.

By their nature, provisions may reflect significant levels of judgement or estimate. While there can be no assurances, management believe, based on information currently available to them, that the likelihood of material unprovided outflows is remote.

Fair values on acquisition of PGA European Tour Productions Limited

The fair value of tangible and intangible assets acquired on the acquisition of PGA European Tour Productions Limited involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. In addition the use of discount rates requires judgement.

True and fair value override

The true and fair override is to account for the joint venture agreement already in place, this reduces the amount of negative goodwill to represent the interest in the company already held. Use of the true and fair override is judgemental and requires consideration of the most appropriate presentation for the transaction.

4. Group Turnover

The analysis of turnover by geographical market and business activity has not been disclosed as the directors believe it would be prejudicial to the commercial interests of the business to disclose this information.

5. Administrative expenses

	2018 £000	2017 £000
Tournament staging and development	**203,359**	141,974
Tour production	**74,664**	-
Admin expenses	**38,353**	36,260
	316,376	178,234

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2018 £000	2017 £000
Foreign exchange (gains)/losses	**(2,886)**	652
Impairment of trade receivables	**260**	(79)
Amortisation of intangible assets	**9,043**	57
Depreciation of tangible assets	**397**	470
Operating lease rentals	**55**	110

7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	**82**	79

Fees payable to the Group's auditors in respect of:

	2018 £000	2017 £000
Audit of the financial statements of subsidiaries	**72**	28
Taxation compliance services	**45**	21
Tax advisory services	**2**	89
	119	138

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £000	Group 2017 £000
Wages and salaries	**20,715**	18,977
Social security costs	**2,140**	1,804
Other pension costs	**1,320**	1,210
	24,175	21,991
Less: Amounts recharged to related undertakings	**(76)**	(1,230)
	24,099	20,761

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £1,320,000 (2017: £1,210,000).

Net staff costs for 2018 include costs of £5,673,000 (2017: £2,086,000) relating to Ryder Cup Europe LLP.

Total staff costs include the long-term incentive plan of £836,000 credit (2017: £2,118,000 charge). This was established from 2017 which rewards the executive leadership team for performance over a three year cycle. .

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

	2018 Number	2017 Number
Administration	**76**	74
Field and operation	**133**	115
Commercial	**65**	77
	274	266

In addition, the average number of retained consultants of the Group during the year was 43 (2017: 32).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Directors' remuneration

Remuneration in respect of directors, including those deemed to be shadow directors, was as follows:

	2018 £000	2017 £000
Aggregate directors' emoluments	**1,517**	1,529
LTIP*	**(658)**	1,667
Pension contributions to money purchase pension schemes	**59**	59
	918	3,255

Highest paid director

	2018 £000	2017 £000
Aggregate directors' emoluments	**1,054**	1,059
LTIP*	**(658)**	1,667
Pension contributions to money purchase pension schemes	**59**	59
	455	2,785

*The Long Term Incentive Plan (LTIP) was established in 2016 and rewards the executive leadership team for performance over the four-year budgeting cycle. This plan is linked to the achievement of the key performance indicators referred to within the strategic report.

In each year leading up the final year of the cycle the accrual has been recorded using the assumption that all of the initial stretch targets in every category would be achieved. Then in the final year an adjustment has been recorded to reflect the assessment of the Remuneration Committee and ultimate decision of the European Tour Board in relation to actual performance in each category.

10. Interest receivable and similar income

	2018 £000	2017 £000
Other interest receivable	**107**	57

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Tax on profit/(loss)

	2018 £000	2017 £000
Corporation tax		
Current tax on profit/loss for the year	2,069	-
Adjustments in respect of prior years	20	(10)
Effect of changes in tax rates	-	11
Share of joint ventures' current taxation	3	469
	2,092	470
Foreign tax relief	(788)	-
Foreign tax suffered	974	-
Overseas taxation	-	20
Total current tax	2,278	490
Deferred tax		
Origination and reversal of timing differences	(1,744)	(1,393)
Effects of changes in tax rates	95	78
Adjustment in respect of prior periods	703	-
Total deferred tax	(946)	(1,315)
Total tax	1,332	(825)

11. Tax on profit/(loss) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) before taxation	**11,612**	(10,370)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**2,206**	(1,996)
Effects of:		
Expenses not deductible for tax purposes	**420**	249
Adjustments in respect of prior year	**723**	24
Non-taxable income	**(1,198)**	-
Current year losses available for carry back	**-**	15
Deferred tax not recognised	**47**	-
Minority interest share of partnership profits	**(1,084)**	-
Share of partnership profits	**13**	-
Tax rate changes	**95**	-
Other differences	**-**	11
Losses attributable to non-controlling interests	**-**	491
Overseas tax differences	**107**	24
Share of joint ventures' current tax	**3**	357
Total tax charge/(credit) for the financial year	**1,332**	(825)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible assets

Group

	Intellectual property rights £000	Title rights £000	Software £000	Goodwill £000	Negative goodwill £000	Total £000
Cost						
At 1 January 2018	294,230	686	1,674	2,065	(121,663)	176,992
Additions	-	-	944	-	-	944
At 31 December 2018	294,230	686	2,618	2,065	(121,663)	177,936
Accumulated amortisation						
At 1 January 2018	3,795	686	50	1,494	-	6,025
Charge for the year	14,909	-	80	137	(6,083)	9,043
Impairment	120	-	-	-	-	120
At 31 December 2018	18,824	686	130	1,631	(6,083)	15,188
Net book value						
At 31 December 2018	275,406	-	2,488	434	(115,580)	162,748
At 31 December 2017	290,435	-	1,624	571	(121,663)	170,967

Amortisation of intangible fixed assets is included in administrative expenses.

The Group's goodwill relates to the acquisitions of

- Ryder Cup Europe LLP;
- European Golf Management Limited;
- European Open Golf Championship Limited;
- European Tour Hospitality Limited;
- European Tour Productions Limited; and
- FF Golf Production.

Software is amortised over 5 years. Goodwill arising on control of Ryder Cup Europe LLP and PGA European Tour Productions Limited are being amortised over 20 years. Goodwill on the acquisition of FF Golf Production will be amortised over 4 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible assets (continued)

Company

	Intellectual property rights £000	Title rights £000	Software £000	Total £000
Cost				
At 1 January 2018	3,786	686	1,117	5,589
Additions	-	-	944	944
At 31 December 2018	3,786	686	2,061	6,533
Accumulated amortisation				
At 1 January 2018	3,786	686	50	4,522
Charge for the year	-	-	62	62
At 31 December 2018	3,786	686	112	4,584
Net book value				
At 31 December 2018	-	-	1,949	1,949
At 31 December 2017	-	-	1,066	1,066

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Tangible assets

Group

	Freehold buildings £000	Long-term leasehold property £000	Field equipment £000	Motor vehicles £000	Fixtures & fittings £000	Office & computer equipment £000	Total £000
Cost							
At 1 January 2018	509	1,850	451	460	430	2,676	6,376
Additions	-	-	6	-	7	640	653
At 31 December 2018	509	1,850	457	460	437	3,316	7,029
Accumulated depreciation							
At 1 January 2018	187	1,543	355	428	378	2,267	5,158
Charge for the year	11	63	22	25	13	263	397
At 31 December 2018	198	1,606	377	453	391	2,530	5,555
Net book value							
At 31 December 2018	311	244	80	7	46	786	1,474
At 31 December 2017	322	308	95	32	52	408	1,217

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Tangible assets (continued)

Company

	Freehold buildings £000	Buildings improve--ments £000	Field equipment £000	Motor vehicles £000	Fixtures and fittings £000	Office & computer equipment £000	Total £000
Cost							
At 1 January 2018	509	1,850	451	460	430	2,676	6,376
Additions	-	-	6	-	7	640	653
At 31 December 2018	509	1,850	457	460	437	3,316	7,029
Accumulated depreciation							
At 1 January 2018	187	1,543	355	428	378	2,267	5,158
Charge for the year	11	63	22	25	13	263	397
At 31 December 2018	198	1,606	377	453	391	2,530	5,555
Net book value							
At 31 December 2018	311	244	80	7	46	786	1,474
At 31 December 2017	322	308	95	32	52	408	1,217

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Investments

Group

	Interests in joint ventures £000
Cost	
At 1 January 2018	**330**
At 31 December 2018	**330**

Company

	Interests in subsidiaries £000	Loans to subsidiaries £000	Total £000
Cost			
At 1 January 2018	**2,511**	**58**	**2,569**
At 31 December 2018	**2,511**	**58**	**2,569**

The year end date for Eurasia Cup SDN.BHD is 30 June which is different to the year end date for the rest of the Group which is 31 December.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Investments (continued)

Subsidiary undertakings

At 31 December 2018 the Group and the company had interests in the following subsidiaries:

Name	Principal activity	Class of shares	Holding
PGA European Tour Enterprises Limited	Dormant	Ordinary	100%
PGA European Tour South SA	No longer trading	Bearer	100%
PGA European Tour Properties Limited	No longer trading	Ordinary	100%
PGA European Tour Property Holdings Limited	Dormant	Ordinary	100%
European Open Golf Championship Limited	Dormant	Ordinary	100%
European Golf Management Limited	Golf course consultancy	Ordinary	100%
PGA European Tour Productions Limited	Television production and distribution of golf programmes	Ordinary	100%
Ryder Cup Europe LLP	The promotion of the Ryder Cup	Partnership interest	60%
Ryder Cup Limited*	The promotion of the Ryder Cup	Ordinary	60%
Ryder Cup 2018 Commercial Limited*	The promotion of the Ryder Cup	Ordinary	60%
FF Golf Production	French Open operation	Ordinary	100%
European Tour China Limited	Representative office	Ordinary	100%

*The interest in the share capital of these companies is held via the interest in Ryder Cup Europe LLP. The results of all the subsidiary undertakings have been consolidated in the Group financial statements.

PGA European Tour South SA is registered at Caldes de Malavella (Girona, Spain), Or Furest i Roca 63, Ryder Cup Limited is registered at Centenary House, The Belfry, Sutton Coldfield, West Midlands, B76 9PT and FF Golf Production is registered at 42 Avenue Montaigne, 75007, Paris. All other subsidiaries above are registered at European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX.

Joint ventures

At 31 December 2018 the Group and the company had interests in the following joint ventures:

Name	Principal activity	Holding
European Golf Design Limited	Design of golf courses	50%
London Golf (European Tour) Limited	The promotion of the London Golf Club	50%
Eurasia Cup SDN.BHD	Administration of Eurasia Cup	50%

European Golf Design Limited is registered at European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX. London Golf (European Tour) Limited is registered at 1 Princeton Mews, 167-169 London Road, Kingston Upon Thames, Surrey, KT2 6PT. Eurasia Cup SDN.BHD is registered at Levei 1.01A, Wisma Prosper, Block B, Kelana Centre Point, No 3 Jalan SS 7/19, 47301 Kelana Jaya, Petaling Jaya, Selangor, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	**35,995**	29,276	**24,145**	20,616
Amounts owed by subsidiary undertaking	**-**	-	**6,060**	6,624
Amounts owed by related entities	**143**	-	**-**	-
Amounts owed by joint ventures	**31**	5	**31**	5
Other debtors	**919**	3,008	**918**	87
Prepayments and accrued income	**19,004**	10,263	**10,085**	7,883
Corporation tax receivable	**653**	249	**653**	252
Deferred taxation (note 21)	**-**	-	**824**	1,866
Other taxation and social security	**8,542**	1,916	**-**	-
Derivative financial instruments	**347**	455	**347**	79
	65,634	45,172	**43,063**	37,412

The gross value of trade debtors was £36,317,000 (2017: £29,685,000). A bad debt provision of £322,000 (2017: £409,000) has been made against this.

Amounts owed by subsidiary undertakings and joint ventures are unsecured, interest free and repayable on demand.

16. Cash at bank and in hand

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	**22,688**	24,623	**6,754**	7,908

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

17. Creditors: amounts falling due within one year

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Trade creditors	**12,099**	8,343	**5,995**	2,863
Amounts owed to related undertakings	**-**	2,112	**8,950**	10,905
Corporation tax	**2,369**	-	**-**	-
Other taxation and social security	**11,692**	5,472	**6,414**	3,805
Other creditors	**-**	23	**-**	23
Accruals and deferred income	**42,672**	53,422	**34,653**	26,021
Derivative financial instruments	**1,248**	-	**452**	-
	70,080	69,372	**56,464**	43,617

Amounts owed to related undertakings and joint ventures are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Accruals and deferred income	**-**	380	**-**	380

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. Derivative financial instrument

The foreign currency forward contracts outstanding as at the year-end were:

Outstanding Contracts	Exercise date	Notional Value	Fair Value 2018 £'000	Notional Value	Fair Value 2017 £'000
PGA European Tour					
SELL EUR / BUY GBP	Less than 1yr	8,725,000	**39**	-	-
BUY EUR / SELL GBP	Less than 1yr	6,000,000	**78**	-	-
SELL USD / BUY GBP	Less than 1yr	27,225,000	**175**	12,850,000	79
BUY USD / SELL GBP	Less than 1yr	33,452,500	**55**	-	-
			347		79
PGA European Tour Asset					
SELL EUR / BUY GBP	Less than 1yr	31,920,000	**(27)**	-	-
BUY EUR / SELL GBP	Less than 1yr	11,345,000	**(26)**	-	-
SELL USD / BUY GBP	Less than 1yr	21,452,500	**(176)**	-	-
BUY USD / SELL GBP	Less than 1yr	22,475,000	**(223)**	-	-
PGA European Tour liability			**(452)**		-
Total PGA European tour			**(105)**		79
PGA European Tour Productions Limited					
SELL EUR / BUY GBP	Less than 1yr	6,060,000	**(13)**	-	-
SELL USD / BUY GBP	Less than 1yr	35,550,000	**(783)**	7,775,000	376
Total PGA European Tour Production Limited			**(796)**		376
Total Group			**(901)**		455

A net loss of £901,000 (2017: gain £83,000) was recognised in other comprehensive income. No losses of in excess of the fair value of hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss, and the full amount of £455,000 (2017: £4,000) was released to the profit and loss when the hedged instruments matured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Financial instruments

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Financial assets				
Financial assets measured at fair value through profit or loss	**347**	455	**347**	79
Financial assets that are debt instruments measured at amortised cost	**54,442**	39,713	**40,470**	33,615
	54,789	40,168	**40,817**	33,694
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(1,248)**	-	**(452)**	-
Financial liabilities measured at amortised cost	**(39,915)**	(31,373)	**(32,918)**	(30,423)
	(41,163)	(31,373)	**(33,370)**	(30,423)

Financial assets measured at fair value through profit or loss comprise derivative financial instruments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by joint ventures, amounts owed by related undertakings, other receivables and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related undertakings, other creditors and accruals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Deferred taxation

Group

	2018 £000
At beginning of year	(47,257)
Deferred tax charged to profit or loss	1,650
Adjustment in respect of prior years	(703)
At end of year	(46,310)

Company

	2018 £000
At beginning of year	1,866
Deferred tax charged to profit or loss	(1,241)
Adjustment in respect of prior years	199
At end of year	824

The provision for deferred taxation is made up as follows:

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Accelerated capital allowances	**231**	379	**33**	121
Losses	**121**	960	**121**	907
Acquired intangible assets	**(47,335)**	(49,374)	**-**	-
Short term timing differences - trading	**673**	778	**670**	838
	(46,310)	(47,257)	**824**	1,866

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

22. Provisions

	2018 £000
Group and Company	
At 1 January 2018	-
Transferred from accruals and deferred income	2,180
Released to profit or loss	(279)
At 31 December 2018	**1,901**

It was identified during the year that certain balances that originally were expected to be paid during 2018 are now unlikely to be paid until 2020. These have therefore been reclassified as a provision during the year, as part of this reassessment there was also a release to profit and loss account, to reflect the value now anticipated.

23. Reserves

Other reserves

The other reserve consist of hedging gain, translation of foreign subsidiary and fair value over ride. The fair value override arose as a result of the signing of the production and distribution rights agreement. This exemption has been taken as allowed by Appendix IV para A 4.21 of FRS 102.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company

24. Contingent liabilities

Neither the Group nor the company had any material contingent liabilities at 31 December 2018 (2017: £Nil). The Group has committed to continued support of its subsidiaries and joint venture companies for the foreseeable future and at least 12 months from the signing of the financial statements of each entity.

PGA European Tour has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from preparing individual financial statements under Section 394A of the Companies Act 2006 in respect of the year ended 31 December 2018:

- European Tour China Limited
- European Golf Management Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

25. Capital and other commitments

At 31 December the Group had capital commitments as follows:

	Group 2018 £000	Group 2017 £000
Contract for the future provision of production and distribution rights;		
Not later than one year	**12,128**	13,000
Later than one year and not later than five years	**58,246**	55,632
Later than five years	**321,927**	336,668
	392,301	405,300

This commitment arose as a result of the agreement signed for production and distribution rights following the acquisition of the remainder of PGA European Tour Productions Limited.

26. Commitments under operating leases

At 31 December the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	**7**	8
Later than 1 year and not later than 5 years	**4**	6
	11	14

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

27. Related party transactions

PGA European Tour holds investments in a number of subsidiaries and joint ventures as disclosed in note 14. These entities are regarded as related parties and so transactions with them and balances due from/(to) them are disclosed below, except that the Group has taken advantage of the exemption contained within paragraph 33.1A of FRS 102 and not disclosed transactions with- wholly owned subsidiary undertakings.

The Group		**2018**			2017	
	Purchases/ charges from £'000	**Sales/ charges to £'000**	**Balance at year end £'000**	Purchases/ charges from £'000	Sales/ charges to £'000	Balance at year end £'000
PGA European Tour Productions Limited	**-**	**-**	**-**	41	-	(12)
European Golf Design Limited	**17**	**-**	**-**	20	-	-
London Golf Club Developments Limited	**-**	**71**	**20**	-	98	2
London Golf (European Tour) Limited	**-**	**-**	**5**	-	-	5

The Company		**2018**			2017	
	Purchases/ charges from £'000	**Sales/ charges to £'000**	**Balance at year end £'000**	Purchases/ charges from £'000	Sales/ charges to £'000	Balance at year end £'000
Ryder Cup Europe LLP	**8,784**	**2**	**1,345**	4,343	44	2,329
Ryder Cup limited	**44**	**454**	**(381)**	-	-	111
European Golf Design Limited	**17**	**-**	**-**	20	-	-
London Golf (European Tour) Limited	**-**	**-**	**5**	-	-	5

The Company does not have a parent undertaking. The PGA European Tour is controlled by its Members.

The balance due to the company from European Golf Design limited represents a loan. All other balances arose from trading, are unsecured and are repayable on demand.