

**PGA EUROPEAN TOUR  
AND ITS SUBSIDIARY UNDERTAKINGS**

Registered number: 01867610

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



| <b>CONTENTS</b>   | <b>Page(s)</b> |
|---|----------------|
| <b>Company Information</b>  | <b>1</b>       |
| <b>Group Strategic Report</b>   | <b>2 - 6</b>   |
| <b>Directors' Report</b>  | <b>7 - 11</b>  |
| <b>Independent Auditors' Report to the Members of PGA European Tour</b> | <b>12 - 15</b> |
| <b>Consolidated Statement of Comprehensive Income</b>                   | <b>16</b>      |
| <b>Consolidated Balance Sheet</b>                                       | <b>17</b>      |
| <b>Company Balance Sheet</b>  | <b>18</b>      |
| <b>Consolidated Statement of Changes in Equity</b>                      | <b>19</b>      |
| <b>Company Statement of Changes in Equity</b>                           | <b>20</b>      |
| <b>Consolidated Statement of Cash Flows</b>                             | <b>21</b>      |
| <b>Notes to the Financial Statements</b>                                | <b>22 - 44</b> |

# **PGA EUROPEAN TOUR**

## **COMPANY INFORMATION**

### **Directors**

D G Williams (Chairman)  
P Avis  
T Bjorn  
M Brass  
P Eales  
M Gilbert  
C L H Hanell  
D Howell  
P S Lawrie  
R W Lee  
P McGinley  
J Monahan  
E Nicoli  
M A Roe  
O Sellberg

### **Company secretary**

B Bye

### **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 2021**

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 2021.

**Headlines**

- The impact of the COVID19 pandemic has continued to be a major challenge for the Group in 2021 with the difficult global travel environment causing tournaments to be rescheduled and, in some cases, held behind closed doors.
- Despite these challenges, careful management has allowed the group to:
  - Deliver a schedule of 33 events on the main Tour excluding the Majors and the World Golf Championships, with total prize funds of \$93.8m.
  - Deliver strong financial performance, with EBITDA profit of £17.1m (2020: loss £8.7m) and cash balances increasing by £6.7m over the year to £79.0m
- During 2021 the Group continued to build on the actions initiated by the Board at the start of the pandemic, namely:
  - **Maximising Income** – continued to work closely with long-term corporate partners in media (Sky, Golf Channel, Discovery, Viasat, Canal+) and sponsorship (Rolex, DP World, BMW) to provide alternative sources of value during the disruption. The Group also invested in a significant sponsorship sales programme in 2021 that resulted in the commercial team delivering 18 different sponsorship deals – representing both new sponsors and renewals - across our three Tours and the Ryder Cup;
  - **Reducing Cost** – continued with close scrutiny of all costs to support a shift away from fixed to variable costs to provide greater flexibility in the business model;
  - **Cash Focus** – repaid the financing facility of £30m acquired through Barclays Bank and the CBILS (Covid Business Interruption Loan Scheme);
  - **Government Collaboration** – continued to collaborate closely with Governments and Health Authorities to ensure that tournaments complied with all local regulations and were staged in a safe environment for players, spectators and staff;
  - **Strategic Alliances** – during 2021 we built on the Strategic Alliance with the PGA TOUR that was signed in November 2020. This partnership delivered significant benefits in the areas of new sponsor acquisition, co-sanctioning of tournaments and the creation of enhanced digital content. In late 2021 the Group entered into further strategic alliances with the Sunshine Tour of South Africa and the PGA Tour of Australasia, both of which take effect in 2022.
  - **Operational Joint Venture Partnership with the PGA TOUR** - In June 2022, PGA European Tour and the PGA TOUR moved to significantly strengthen the existing alliance between the two parties by agreeing to implement a ground-breaking new 13-year operational joint venture partnership and a pledge by PGA TOUR to purchase a further 25% stake in PGA European Tour Productions Limited.
- These actions enabled the Group to:
  - **Deliver a Global Event Portfolio** – Continuing careful management of the tournament schedule meant that the Group lost relatively few events, although a significant number of tournaments had to be rescheduled or replaced at short notice, and many were played behind closed doors with no spectators.
  - **Deliver Robust Financial Results** - Strong relationships with our main commercial and media partners, the delivery of significant cost savings across the Group (following the cost and headcount review carried out in 2020), and a continuing focus on cash all helped to mitigate the impact of the pandemic.
  - **Invest in the Game** – In these challenging times for the wider golf ecosystem, it was considered important to continue to invest back into the game. Our Golf for Good initiative generated £0.5m for good causes in and around the game in 2021. We also worked with the European Disabled Golf Association to build a new Tour for golfers with a disability, the G4D Tour, that was subsequently launched in Q1 2022. The Group also launched "Green Drive" in 2021 – a strengthened commitment to sustainability across the Group's operations. We are exploring opportunities to work with other partners to continue expanding our Golf for Good initiative.
  - **Establish The DP World Tour** – In October 2021 the Group signed a ground-breaking multi-year sponsorship deal with DP World. As a result of this the Group's main Tour has been rebranded as the DP World Tour. This deal ensured that the 2022 season, which began in November 2021, has a record \$140m prize fund (not including the Majors and the World Golf Championships) with a new \$2m tournament minimum for events solely sanctioned by the DP World Tour.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

2022 continues to present significant challenges as the COVID pandemic continues, and the war in Ukraine impact global supply chains and associated costs. The Group continues to take actions to mitigate the impact of these external factors on profit and liquidity.

**Business Review**

***Overview of PGA European Tour***

The Group is comprised of the Company and a number of subsidiaries and joint venture entities engaged in the promotion, management and administration of men's professional tournament golf. The business is headquartered at Wentworth in Virginia Water, Surrey. The Company is overseen by a Board of Directors and a Tournament Committee which comprises a maximum of 15 current players. As well as past and present players, the Board includes a number of Non-executive Directors who bring significant business experience to board discussions. Keith Pelley CEO, who is classified as a Shadow Director, attends all Board meetings to report on the performance of the business in the context of the Strategy agreed with the Board.

The European Tour, rebranded as the DP World Tour in 2021 is global, and despite COVID19 restrictions and disruption in 2021, featured 33 tournaments in 20 countries, excluding the Majors and the World Golf Championships, including 4 Rolex Series events, all part of the Race to Dubai, with a total prize fund of \$93.8m.

Celebrating the global connectivity of the European Tour and Dubai, the Race to Dubai (now known as the DP World Tour Rankings from 2022 onwards) is a season-long competition to crown the European Tour's Number One player, an honour which, in 2021, went to Collin Morikawa. Points are accumulated based on prize money won, with the top five ranked players at the end of the 2021 season sharing a \$3m Race to Dubai bonus pool.

The Company also manages the Challenge Tour, which has recovered from the significant disruption seen in 2020, staging 26 tournaments in 14 countries in 2021.

From 2021 the Staysure Tour has been reborn as the European Legends Tour, under the management of European Legends Tour Limited, which has a new, third-party majority shareholder. The Group continues to have a significant stake in the successful delivery of the European Legends Tour in 2021 and beyond. During 2021, the European Legends Tour held 8 tournaments played in 6 countries (in 2020 no tournaments were held).

The Company is 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 2020 edition of the tournament, delayed due to COVID19, took place in September 2021 in Wisconsin USA.

The Group broadcasts live coverage of its DP World Tour events to more than 633 million homes in more than 167 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 BMW, Callaway, DP World, Emirates, Fortinet, Hilton, Rolex and Zoom as official partners in addition to Sky, Golf Channel, Discovery, NENT and Canal+ as media partners.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Business Review (continued)**

*Revenue and Profit Review*

Group turnover including Ryder Cup companies for the year was £253.4m (2020: £157.2m). Revenue for the Group excluding Ryder Cup companies for the year was £231.3m (2020: £153.2m) a year-on-year increase of £79.2m.

|   | <b>2021</b>    | <b>2020</b>  | <b>2019</b>  |
|---|----------------|--------------|--------------|
|   | <b>£'000</b>   | <b>£'000</b> | <b>£'000</b> |
| Ryder Cup companies                         | <b>22,056</b>  | 4,029        | 3,308        |
| Other                                       | <b>231,345</b> | 153,199      | 268,044      |
| Group and share of joint ventures' turnover | <b>253,401</b> | 157,228      | 271,352      |
| Less: share of joint ventures' turnover     | <b>(614)</b>   | (375)        | (509)        |
| <b>Group Turnover</b>                       | <b>252,787</b> | 156,853      | 270,843      |

Group earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to a profit in 2021 of £17.1m, an improvement on 2020 (loss of £8.7m) due to the flexible business model which allowed the Group to successfully mitigate the difficult trading environment through an intense focus on managing costs and cash flow. Of this profit £7.6m (2020: loss £4.7m) was driven by Ryder Cup companies and the balance of £9.4m (2020: loss £4.0m) was attributable to the other members of the Group.

|   | <b>2021</b>       | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|-------------------|
|   | <b>£'000</b>      | <b>£'000</b>      | <b>£'000</b>      |
| EBITDA Non-Ryder Cup Companies          | <b>9,458</b>      | (4,033)           | (3,792)           |
| EBITDA Ryder Cup Companies              | <b>7,593</b>      | (4,633)           | (7,023)           |
| <b>EBITDA Group</b>                     | <b>17,051</b>     | (8,666)           | (10,815)          |
| Depreciation and Amortisation           | <b>(10,143)</b>   | (10,161)          | (10,135)          |
| Share of profit/(loss) of joint venture | <b>20</b>         | 37                | (17)              |
| <b>Operating profit/(loss)</b>          | <b>6,928</b>      | (18,790)          | (20,967)          |
| <br>Group cash at bank and in hand      | <br><b>79,022</b> | <br><b>72,300</b> | <br><b>24,713</b> |

*Balance Sheet and Cash Review*

During 2020 the Group implemented a number of new measures to improve its management of cashflow. These included the production of weekly cash flow forecasts, daily cash flow reporting, and daily calls to manage the actions required to collect overdue debts. These actions have continued throughout 2021 and have ensured that debtors remain tightly controlled.

The Group continues to have a strong cash position with the cash balance increasing in 2021 by c.9% on the previous year. At the end of 2021 the Group (including Ryder Cup) had cash balances of £79.0m (2020: £72.3m). 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 Group's activities, the development of prize funds and the advancement of a robust sustainable business model.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Principal Risks and Uncertainties**

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

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

- TV broadcasting market changes resulting in a challenge to TV income streams – in particular the decline of PayTV subscribers globally and an impact on resultant media rights.
- Golf sponsorship becomes less compelling and sponsorship values decline.
- The financial and operational health of the promoter network comes under increased pressure impacting the level of risk the Company is exposed to.
- The DP World Tour declines in popularity versus its competitors in golf and the wider sports market.
- The arrival of a new competitor in professional golf takes top players away from the DP World Tour. This risk has now crystallised with the launch in June 2022 of the LIV Golf Tour which is funded by the Saudi government's Public Investment Fund. As yet, the full impact of this competitor is unknown.
- The attractiveness of the Ryder Cup to both the commercial market and the wider membership declines.
- An integrity issue occurs.
- An act of terrorism, conflict or war occurs affecting the schedule, of the Group's various tours, or the Company's members or staff. To date, the Russian invasion of Ukraine has not affected the 2022 tournament schedule.
- The COVID19 pandemic continues and does not allow our international portfolio of events to be played, impacting core income streams.

These and other risks faced by the Group are reviewed by the executive leadership team at least quarterly and are 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 Board reviews and agrees policies for managing each of these risks as summarised below.

The Group seeks to manage financial risk, including through the implementation of a reserves policy which ensures sufficient liquidity is available to meet foreseeable needs, and a prudent cash investment policy.

The market risk facing the Group is primarily currency risk. The Group is exposed to transaction foreign exchange risk. 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 21.

The Group's principal financial assets are cash and trade debtors. The primary credit risk arises from the Group's trade debtors. In order to manage credit risk the executive management team implement contractual 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, collection history, and cash balances.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Key Performance Indicators**

The Board has developed key performance indicators to enable the measurement of financial and operational performance. These were revised in June 2020 to take into account the impact of the COVID19 pandemic and are as follows:

|                            | <b>Results</b> | <b>Results</b> |
|----------------------------|----------------|----------------|
|                            | <b>2021</b>    | <b>2020</b>    |
| Prize Fund                 | \$93.8m        | \$70.2m        |
| Playing Opportunities*     | 4,344          | 3,317*         |
| EBITDA profit/(loss)       | £17.1m         | £(8.7)m        |
| Stakeholder Satisfaction** | 8.3            | N/A**          |
| Total Cash                 | £79.0m         | £72.3m         |

*\*Total number of entries in DP World Tour sanctioned events, excluding those filled by Co-Sanctioning Partners.*

*\*\*the Stakeholder Satisfaction survey was not run in 2020 as a result of the pandemic*

**2022 and Beyond**

- 2022 remains a difficult year to run global events with travel restrictions and delays continuing to impact players, support staff and media personnel.
- The Group has responded well to these challenges and looks set to provide a full schedule of playing opportunities for its members as well as significantly increased prize funds versus 2021.
- During 2022 work will be ramping up in preparation for the 2023 Ryder Cup at Marco Simone Golf Club, Rome, which promises to be a truly world class event.
- The Group is investing in Corporate Social Responsibility initiatives in the areas of community, sustainability and inclusion. This ensures our Brand is seen as a responsible corporate citizen and is able to stay attractive to new and existing partners. It also ensures that the DP World Tour remains fully embedded and supported in the communities within which we operate. 2022 has seen the launch of a new golf Tour for golfers with a disability, the G4D Tour, which is a truly landmark project to bring greater inclusivity to the sport.
- Longer term, the outlook for the Group is very strong:
  - Despite a challenging commercial market, we have enjoyed strong revenue growth significantly ahead of projections. In particular, the new Tour sponsorship contract with DP World that was signed in late 2021 will provide us with greater financial certainty. In addition, the Rolex and Sky relationships have been extended and we have added a number of key new partners across the business.
  - The business operation of the Company has been streamlined with a sustainable model to help drive future growth.
  - The new Operational Joint Venture Partnership with the PGA TOUR will deliver guaranteed prize fund growth for the next five years, unlock additional revenue growth opportunities, provide a new pathway for our members to the PGA TOUR, and ensure increased co-ordination in global tournament scheduling

**Budgeting cycle**

*2019-2023 extended cycle*

Financial planning for the Group is typically carried out over four-year cycles, however with the postponement of The Ryder Cup tournaments from 2020 and 2022 into 2021 and 2023 respectively, this cycle will now extend over a 5-year period ending with the "home" Ryder Cup in Rome in 2023.

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



**D G Williams**

Chairman

Date: 15 August 2022



**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report together with the audited consolidated and company only financial statements of PGA European Tour (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2021.

**Principal Activities**

The PGA European Tour Group operates a broad range of business initiatives essential to its primary mission of administering mens 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 DP World Tour which is the primary mens golf tour in Europe and also comprises sanctioned tournaments in Australia, Asia, Africa and the Middle East. From 2021 the Staysure Tour has been reborn as the European Legends Tour, under the management of European Legends Tour Limited, which has a new third-party majority shareholder. The Group continues to have a significant stake in the successful delivery of the European Legends Tour in 2021 and beyond.

**Overseas Branches**

The Group continued to trade from its branches in Spain, France, Dubai, Sweden, Abu Dhabi and its representative office in China.

**Results**

The Group loss for the financial year after taxation attributable to the parent company amounted to £10.0m (2020: £19.1m), after charging £10.1m (2020: £10.2m) of depreciation and amortisation.

**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)  
P Avis  
T Bjorn  
M Brass  
P Eales  
M Gilbert  
C L H Hanell  
D Howell  
D Jones (resigned 31 December 2021)  
P S Lawrie (appointed 1 January 2022)  
R W Lee  
P McGinley  
J Monahan (appointed 29 January 2021)  
E Nicoli  
M A Roe  
D J Russell (resigned 31 December 2021)  
O Sellberg

The following are regarded as Shadow Directors under the Companies Act 2006.

K Pelley

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**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.

**Charitable Donations**

Donations to charitable organisations during the year amounted to £0.5m (2020: £0.6m). The Group actively seeks to support bodies engaged in the development of golf as part of its CSR programme "Golf for Good".

**Audit and Risk Committee**

The Group's independent auditors for the year ended 31 December 2021 were PricewaterhouseCoopers LLP. The Board has appointed an Audit and Risk Committee ("ARC") comprising three Board and/or shadow Directors, at least one of whom is selected from the player representatives on the Board of Directors.

For the purpose of outlining and specifying the functions of the ARC, 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 ARC's work and members. The self-evaluation is submitted to the Chairman of the Board of Directors via the ARC's Chair and forms part of the Board of Directors' own self-evaluation.

The ARC 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 ARC Chair.

At least one meeting per year takes place where the ARC meets with the external auditors without the presence of the Company's executive team.

The overall tasks and duties of the ARC 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 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 5, 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 2021 were Penny Avis (ARC Chair), David Williams and Paul Eales.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Remuneration Committee**

The Board has appointed a Remuneration Committee ("**RemCo**") which in 2021 comprised four Board Directors, at least two of whom were selected from the player representatives on the Board of Directors. RemCo 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 RemCo throughout 2021 were Martha Brass (RemCo Chair from 1 March 2021), David Russell, Christopher Hanell and Ove Sellberg (Chair until 1st March 2021 and thereafter remaining a member of the Committee). The Chief Executive Officer, PGA European Tour Chairman, Chair of the Audit and Risk Committee and members of the senior executive team are occasionally invited to participate at the meetings or to advise on certain matters (unless specifically conflicted). Frances Merrylees, Chief People Officer, is regularly invited to attend RemCo meetings, which met fifteen times in 2021. 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 2021 there was a discretionary bonus pay-out.

The 2019 to 2022 long-term incentive plan for the Executive Leadership Team ("**ELT**") was suspended in response to the COVID19 pandemic. In June 2021, a new Deferred Bonus Scheme for the ELT for 2021 to 2023 was approved by the Board and is now in place. The scheme rewards exceptional performance and the achievement of long-term strategic objectives that position the Tour for future success, aims to incentivise and retain key senior executives and aligns the interests of the ELT and European Tour Members.

**Nomination Committee**

The Board has appointed a Nominations Committee ("**NomCo**") comprising of a minimum of three members and a maximum of six members with at least 50% of the members being Tournament Committee Directors and at least one of the member being a Non-Executive Director. In 2021, the members were Chris Hanell (NomCo Chair), David Jones, David Williams, Eric Nicoli, Rob Lee and Martin Gilbert.

NomCo is responsible to the Board for setting and reviewing position specifications for all senior executive appointments. It conducts a rigorous search and selection process using specialist recruitment consultants as applicable, interviews and assesses potential candidates and recommends its preferred candidate to the Board.

The committee met in February 2021 to ratify the appointment of Jay Monahan as a Board Director following the Strategic Alliance with PGA TOUR. The committee also met to approve the appointment of Eric Nicoli to Vice Chair of the Board of Directors. Lastly, with David Jones and David Russell retiring from the Board on 31 December 2021, the committee met to discuss the Tournament Committee recommended appointment of Paul Lawrie, who assumed the role of Tournament Committee Director on 1 January 2022.

**Statement of Engagement with Stakeholders**

Section 172 of the Companies Act 2006 (the "Act") requires a Director of a company to act in a way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, section 172(1)(a)-(f) of the Act requires Directors to have regard to certain stakeholders and matters.

The Group engages with its stakeholders, when appropriate, and has processes in place to capture and consider stakeholders' insights and views. In performing their section 172 duties the Board takes into account this stakeholder feedback, the section 172 matters as well as other factors they consider relevant to the Board discussions and decision-making.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Statement of Engagement with Stakeholders – cont.**

The Group selects policies and designs and maintains processes and controls which promote strong, long term business relationships with all stakeholders:

- **Players** – our playing members are at the heart of our business and the Group is committed to developing playing opportunities and maximising prize funds for all playing members. Players receive regular e-mail newsletters as well as updates from the CEO and the Player Relations team at in person and virtual “town hall” meetings. All Tour players are invited to the AGM.
- **Media Partners** – the Group engages with media partners including Sky, Golf Channel, Discovery, Viasat and Canal+ to provide world class golf content. The Group drafts contract terms and conditions which reflect industry norms and standards and are formalised in detailed legal documents between the parties.
- **Suppliers** – the Group takes all reasonable steps to adhere to suppliers’ standard terms and conditions including payment terms overseen by a dedicated procurement team. Much of the communication with suppliers is electronic however this is supplemented where necessary by calls and virtual meetings.
- **Employees** – the Group takes active steps to engage with employees to communicate and discuss Group performance and strategy and individual performance. These steps include regular presentations and meetings with Q&A sessions. In addition, the Group operates a whistleblowing hotline, details of which are published on the PGA European Tour website. During 2021 the main channels of communication have been virtual and in person “town hall” meetings, weekly CEO newsletter distributed to all staff, and a intranet which provides regular updates from all areas of the business.
- **Commercial Partners** – the Group works very closely with key commercial partners including DP World, Rolex, BMW, Callaway, Emirates, Genesis and Zoom to deliver exceptional commercial opportunities for all parties. During 2021 we have increased the frequency of meetings with Commercial Partners to ensure that they are kept fully abreast of all issues that may affect their ongoing relationship with the Company.

**Carbon Dioxide Emissions and Sustainability**

In accordance with Streamline Energy and Carbon Reporting regulations, the Company reports its carbon emissions from energy use by the Group's buildings and business travel. The company used the standard conversion factors as obtained from the UK Government website to estimate its carbon emissions.

From 2020, data was collated on energy use for the Company's main building at Wentworth and business travel using company cars.

|  | <b>Wentworth<br/>building</b> | <b>Owned<br/>vehicles</b> | <b>Total</b> | <b>Wentworth<br/>h building</b> | <b>Owned<br/>vehicles</b> | <b>Total</b>  |
|--|-------------------------------|---------------------------|--------------|---------------------------------|---------------------------|---------------|
|  | <b>2021</b>                   | <b>2021</b>               | <b>2021</b>  | <b>2020</b>                     | <b>2020</b>               | <b>2020</b>   |
| <b>KgCO<sub>2</sub>e</b>               | <b>6,430</b>                  | <b>1,248</b>              | <b>7,678</b> | <b>6,170</b>                    | <b>5,141</b>              | <b>11,311</b> |
| <b>KgCO<sub>2</sub>e/<br/>employee</b> | <b>26.79</b>                  | <b>5.2</b>                | <b>31.99</b> | <b>25.71</b>                    | <b>21.42</b>              | <b>47.13</b>  |
| <b>mWh</b>                             | <b>22.73</b>                  | <b>-</b>                  | <b>22.73</b> | <b>21.81</b>                    | <b>-</b>                  | <b>21.81</b>  |

**Going Concern**

The Directors believe that the Group is well placed to manage the risks facing it. After making enquiries, the Directors are satisfied that the Group has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further information is set out in Note 2.3.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Post Balance Sheet Events**

In June 2022 the Group and PGA TOUR further extended their partnership which included a pledge by PGA TOUR to acquire a further 25% stake in PGA European Tour Productions details of this acquisition are, at date of signing, yet to be agreed.

**Directors' Responsibilities Statement**

The directors are responsible for preparing the Annual report and financial statements 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 the 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, 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 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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's 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's and company's auditors are aware of that information.

**Independent Auditors**

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

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



**D G Williams**  
Chairman

Date: 15 August 2022

# **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 2021 and of the group's loss and the group's 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 Sheet as at 31 December 2021; 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

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.

# Independent auditors' report to the members of PGA European Tour

## Report on the audit of the financial statements (Continued)

### **Reporting on other information (continued)**

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# Independent auditors' report to the members of PGA European Tour

## Report on the audit of the financial statements (Continued)

### Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the company's compliance with the regulatory regime of HMRC regarding their tax requirements and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial statements through overstatement of revenue and misstatement in financial statements due to misappropriation of cash. Audit procedures performed by the engagement team included:

- testing underlying revenue transactions through to contractual terms within the agreement/contract, tracing to invoice and payment support where appropriate
- testing journal entries which credited revenue with an unexpected offsetting debit entry through to underlying support
- testing journal entries which credited cash with an unexpected offsetting debit entry through to underlying support
- testing journal entries posted by unusual users to underlying support
- testing and critically assessing key assumptions and estimates impacting the recognition of contract revenue, including agreeing key terms through to underlying contracts and testing key inputs including costs incurred through to underlying support
- performing a recalculation of contract revenue based on underlying contracts and management assumptions and estimates
- performing inquiries of the management and reviewing board minutes throughout the financial year and post year end to identify any unusual items such as suspicious activity, non-compliance, breaches of laws or potential litigation
- testing expenses raised without purchase orders to underlying support and obtaining sufficient understanding over the validity of the expense for business purposes, and
- testing over selected suppliers to identify any undisclosed related party transactions due to common directorship

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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

## Report on the audit of the financial statements (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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.



Craig Skelton (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
15 August 2022

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

|  |             | <b>2021</b>      | <b>2020</b>  |
|--|-------------|------------------|--------------|
|  | <b>Note</b> | <b>£'000</b>     | <b>£'000</b> |
| Turnover   |             |                  |              |
| Group and share of joint ventures' turnover                                | 4           | <b>253,401</b>   | 157,228      |
| Less: share of joint venture's turnover                                    |             | <b>(614)</b>     | (375)        |
| <b>Group Turnover</b>  |             | <b>252,787</b>   | 156,853      |
| Administrative expenses  | 5           | <b>(235,736)</b> | (165,519)    |
| Depreciation and amortisation  |             | <b>(10,143)</b>  | (10,161)     |
| Share of (losses)/profit of joint venture                                  |             | <b>20</b>        | 37           |
| <b>Operating profit/(loss)</b>   | 6           | <b>6,928</b>     | (18,790)     |
| Other operating income   | 10          | -                | 893          |
| Interest receivable and similar income                                     | 11          | <b>17</b>        | 56           |
| Interest payable and similar expenses                                      | 12          | <b>(2,434)</b>   | (358)        |
| <b>Profit/(loss) before taxation</b>                                       |             | <b>4,511</b>     | (18,199)     |
| Tax on profit/(loss)   | 13          | <b>(12,124)</b>  | (2,794)      |
| <b>Loss for the financial year</b>   |             | <b>(7,613)</b>   | (20,993)     |
| Fair value of movement on derivatives                                      | 21          | <b>(108)</b>     | (536)        |
| Currency translation differences   |             | <b>86</b>        | (10)         |
| Other comprehensive expense for the financial year                         |             | <b>(22)</b>      | (546)        |
| Total comprehensive expense for the financial year                         |             | <b>(7,635)</b>   | (21,539)     |
| <b>Loss for the financial year attributable to:</b>                        |             |                  |              |
| Non-controlling interests  |             | <b>2,360</b>     | (1,853)      |
| Owners of the parent company   |             | <b>(9,973)</b>   | (19,140)     |
|  |             | <b>(7,613)</b>   | (20,993)     |
| <b>Total comprehensive expense for the financial year attributable to:</b> |             |                  |              |
| Non-controlling interests  |             | <b>2,360</b>     | (1,853)      |
| Owners of the parent company   |             | <b>(9,995)</b>   | (19,686)     |
|  |             | <b>(7,635)</b>   | (21,539)     |

The notes on pages 22 to 44 form part of these financial statements.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

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

|  |    |                 | <b>2021</b>     | <b>2020</b>  |
|--|----|-----------------|-----------------|--------------|
|  |    |                 | <b>£'000</b>    | <b>£'000</b> |
| <b>Fixed assets</b>  |    |                 |                 |              |
| Intangible assets  | 14 |                 | <b>134,276</b>  | 143,615      |
| Tangible assets  | 15 |                 | <b>2,682</b>    | 2,979        |
| Investments  | 16 |                 | <b>370</b>      | 362          |
|  |    |                 | <b>137,328</b>  | 146,956      |
| <b>Current assets</b>  |    |                 |                 |              |
| Debtors  | 17 | <b>75,545</b>   | 55,730          |              |
| Cash at bank and in hand   | 18 | <b>79,022</b>   | 72,300          |              |
|  |    | <b>154,567</b>  | 128,030         |              |
| Creditors: amounts falling due within one year                   | 19 | <b>(84,883)</b> | (99,147)        |              |
| <b>Net current assets</b>  |    |                 | <b>69,684</b>   | 28,883       |
| <b>Total assets less current liabilities</b>                     |    |                 | <b>207,012</b>  | 175,839      |
| Creditors: amounts falling due after more than one year          | 20 |                 |                 |              |
| Loan   |    |                 | <b>(22,215)</b> | -            |
| Deferred income  |    |                 | <b>(38,181)</b> | (30,268)     |
| Provisions for liabilities:                                      |    |                 |                 |              |
| Deferred taxation  | 23 |                 | <b>(54,609)</b> | (44,153)     |
| Other provisions   | 24 |                 | <b>(2,457)</b>  | (4,233)      |
| <b>Net assets</b>  |    |                 | <b>89,550</b>   | 97,185       |
| <b>Capital and reserves</b>                                      |    |                 |                 |              |
| Capital reserve  |    |                 | <b>159</b>      | 159          |
| Other reserves   | 25 |                 | <b>119,827</b>  | 119,849      |
| Profit and loss account  |    |                 | <b>(29,948)</b> | (19,975)     |
| <b>Total equity attributable to owners of the parent company</b> |    |                 | <b>90,038</b>   | 100,033      |
| <b>Non-controlling interests</b>                                 |    |                 | <b>(488)</b>    | (2,848)      |
| <b>Total equity</b>  |    |                 | <b>89,550</b>   | 97,185       |

The financial statements on pages 16 to 44 were approved and authorised for issue by the Board and were signed on its behalf by:



**D G Williams**  
Chairman  
Date: 15 August 2022

The notes on pages 22 to 44 form part of these financial statements.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER**

|   |    |               | <b>2021</b>         | <b>2020</b>            |
|---|----|---------------|---------------------|------------------------|
|   |    |               | <b>£'000</b>        | <b>£'000</b>           |
| <b>Fixed assets</b>                                     |    |               |                     |                        |
| Intangible assets                                       | 14 |               | 490                 | 1,079                  |
| Tangible assets   | 15 |               | 2,682               | 2,979                  |
| Investments   | 16 |               | 1,300               | 1,300                  |
|   |    |               | <u>4,472</u>        | <u>5,358</u>           |
| <b>Current assets</b>                                   |    |               |                     |                        |
| Debtors   | 17 | 42,538        | 36,895              |                        |
| Cash at bank and in hand                                | 18 | 36,176        | 12,444              |                        |
|   |    | <u>78,714</u> | <u>49,339</u>       |                        |
| Creditors: amounts falling due within one year          | 19 | (53,379)      | (68,727)            |                        |
| <b>Net current assets/(liabilities)</b>                 |    |               | <b>25,335</b>       | <b>(19,388)</b>        |
| <b>Total assets less current liabilities</b>            |    |               | <b>29,807</b>       | <b>(14,030)</b>        |
| Creditors: amounts falling due after more than one year | 20 |               | (22,215)            | -                      |
| <b>Provisions for liabilities</b>                       |    |               |                     |                        |
| Other provisions  | 24 |               | (2,258)             | (4,034)                |
| <b>Net assets/(liabilities)</b>                         |    |               | <u><b>5,334</b></u> | <u><b>(18,064)</b></u> |
| <b>Capital and reserves</b>                             |    |               |                     |                        |
| Capital reserve   |    |               | 183                 | 183                    |
| Other reserves  | 25 |               | 580                 | 102                    |
| Profit and loss account b/fwd                           |    | (18,349)      | (19,991)            |                        |
| Profit in the year                                      |    | 22,920        | 1,642               |                        |
| Profit and loss account c/fwd                           |    |               | 4,571               | (18,349)               |
| <b>Total Shareholders' funds/(deficit)</b>              |    |               | <u><b>5,334</b></u> | <u><b>(18,064)</b></u> |

The financial statements on pages 16 to 44 were approved and authorised for issue by the Board and were signed on its behalf by:



**DG Williams**  
Chairman  
Date: 15 August 2022

The notes on pages 22 to 44 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | Capital<br>reserve | Other<br>reserves | Profit and<br>loss<br>account | Equity<br>attributable<br>to owners of<br>the parent<br>company | Non-<br>controlling<br>interests | Total share-<br>holders'<br>funds |
|--|--------------------|-------------------|-------------------------------|---|----------------------------------|-----------------------------------|
|  | £'000              | £'000             | £'000                         | £'000   | £'000                            | £'000                             |
| <b>At 1 January 2020</b>   | <b>159</b>         | <b>120,395</b>    | <b>(835)</b>                  | <b>119,719</b>  | <b>(995)</b>                     | <b>118,724</b>                    |
| Comprehensive<br>(expense)/income for the<br>year:               |                    |                   |                               |   |                                  |                                   |
| <b>Loss for the year</b>   | -                  | -                 | (19,140)                      | (19,140)  | (1,853)                          | (20,993)                          |
| Translation reserve  | -                  | (10)              | -                             | (10)  | -                                | (10)                              |
| Fair value movement on<br>derivatives                            | -                  | (536)             | -                             | (536)   | -                                | (536)                             |
| <b>Other comprehensive<br/>income for the year</b>               | -                  | (546)             | -                             | (546)   | -                                | (546)                             |
| Total comprehensive<br>expense for the year                      | -                  | (546)             | (19,140)                      | (19,686)  | (1,853)                          | (21,539)                          |
| <b>At 31 December 2020 and<br/>1 January 2021</b>                | <b>159</b>         | <b>119,849</b>    | <b>(19,975)</b>               | <b>100,033</b>  | <b>(2,848)</b>                   | <b>97,185</b>                     |
| Comprehensive expense<br>for the year:                           |                    |                   |                               |   |                                  |                                   |
| <b>(Loss)/profit for the year</b>                                | -                  | -                 | (9,973)                       | (9,973)   | 2,360                            | (7,613)                           |
| Translation reserve  | -                  | 86                | -                             | 86  | -                                | 86                                |
| Fair value movement on<br>derivatives                            | -                  | (108)             | -                             | (108)   | -                                | (108)                             |
| Other comprehensive<br>expense for the year                      | -                  | (22)              | -                             | (22)  | -                                | (22)                              |
| <b>Total comprehensive<br/>income/(expense) for the<br/>year</b> | -                  | (22)              | (9,973)                       | (9,995)   | 2,360                            | (7,635)                           |
| <b>At 31 December 2021</b>                                       | <b>159</b>         | <b>119,827</b>    | <b>(29,948)</b>               | <b>90,038</b>   | <b>(488)</b>                     | <b>89,550</b>                     |

The notes on pages 22 to 44 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | <b>Capital<br/>reserve<br/>£'000</b> | <b>Hedging<br/>reserve<br/>£'000</b> | <b>Profit and loss<br/>account<br/>£'000</b> | <b>Total<br/>shareholders'<br/>(deficit)/funds<br/>£'000</b> |
|--|--------------------------------------|--------------------------------------|--|--|
| <b>At 1 January 2020</b>                                 | <b>183</b>                           | <b>583</b>                           | <b>(19,991)</b>                              | <b>(19,225)</b>  |
| Comprehensive income/(expense) the financial year:       |                                      |                                      |  |  |
| Profit for the year                                      | -                                    | -                                    | 1,642  | 1,642  |
| Fair value movement on derivatives                       | -                                    | (481)                                | -  | (481)  |
| Other comprehensive expense for the year                 | -                                    | (481)                                | -  | (481)  |
| <b>Total comprehensive income/(expense) for the year</b> | <b>-</b>                             | <b>(481)</b>                         | <b>1,642</b>                                 | <b>1,161</b>   |
| <b>At 31 December 2020 and 1 January 2021</b>            | <b>183</b>                           | <b>102</b>                           | <b>(18,349)</b>                              | <b>(18,064)</b>  |
| Comprehensive income for the year:                       |                                      |                                      |  |  |
| Profit for the year                                      | -                                    | -                                    | 22,920                                       | 22,920   |
| Fair value movement on derivatives                       | -                                    | 478                                  | -  | 478  |
| Other comprehensive income for the year                  | -                                    | 478                                  | -  | 478  |
| <b>Total comprehensive income for the year</b>           | <b>-</b>                             | <b>478</b>                           | <b>22,920</b>                                | <b>23,398</b>  |
| <b>At 31 December 2021</b>                               | <b>183</b>                           | <b>580</b>                           | <b>4,571</b>                                 | <b>5,334</b>   |

The notes on pages 22 to 44 form part of these financial statements.

**PGA EUROPEAN TOUR**  
**REGISTRATION NUMBER: 01867610**

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER**

|   | <b>2021</b>     | <b>2020</b>     |
|---|-----------------|-----------------|
|   | <b>£'000</b>    | <b>£'000</b>    |
| <b>Cash flows from operating activities:</b>                            |                 |                 |
| <b>Loss for the financial year</b>                                      | <b>(7,613)</b>  | <b>(20,993)</b> |
| <b>Adjustments for:</b>   |                 |                 |
| Amortisation of intangible assets                                       | <b>9,619</b>    | <b>9,602</b>    |
| Depreciation of tangible assets   | <b>525</b>      | <b>559</b>      |
| Impairments of intangible assets  | <b>-</b>        | <b>104</b>      |
| (Gain)/loss on disposal of tangible assets                              | <b>(5)</b>      | <b>9</b>        |
| Interest payable  | <b>89</b>       | <b>358</b>      |
| Interest received   | <b>(17)</b>     | <b>(56)</b>     |
| Dividend treated as a finance charge                                    | <b>2,345</b>    | <b>-</b>        |
| Taxation charge   | <b>12,124</b>   | <b>2,794</b>    |
| (Increase)/decrease in trade and other debtors                          | <b>(19,819)</b> | <b>24,432</b>   |
| Increase/(decrease) in trade and other creditors                        | <b>19,847</b>   | <b>(513)</b>    |
| (Decrease)/increase in provisions                                       | <b>(1,381)</b>  | <b>2,483</b>    |
| Share of (profit)/loss in joint ventures                                | <b>(8)</b>      | <b>(37)</b>     |
| Corporation tax received  | <b>(506)</b>    | <b>(436)</b>    |
| Foreign exchange translation  | <b>563</b>      | <b>(630)</b>    |
| <b>Net cash generated from operating activities</b>                     | <b>15,763</b>   | <b>17,676</b>   |
| <b>Cash flows from investing activities</b>                             |                 |                 |
| Proceeds from sale of tangible assets                                   | <b>5</b>        | <b>-</b>        |
| Purchase of intangible assets   | <b>(280)</b>    | <b>(104)</b>    |
| Purchase of tangible assets   | <b>(228)</b>    | <b>(65)</b>     |
| <b>Net cash used in investing activities</b>                            | <b>(503)</b>    | <b>(169)</b>    |
| <b>Cashflows from financing activities</b>                              |                 |                 |
| Loan (CBILS)  | <b>(30,000)</b> | <b>30,000</b>   |
| Loan (PGAT)   | <b>21,876</b>   | <b>-</b>        |
| JV repayment of loans   | <b>-</b>        | <b>26</b>       |
| JV loan written off   | <b>-</b>        | <b>14</b>       |
| Interest received   | <b>17</b>       | <b>56</b>       |
| Interest paid   | <b>(431)</b>    | <b>(16)</b>     |
| <b>Net cash (used in)/generated from financing activities</b>           | <b>(8,538)</b>  | <b>30,080</b>   |
| <b>Net increase in cash and cash equivalents</b>                        | <b>6,722</b>    | <b>47,587</b>   |
| Cash and cash equivalents at beginning of financial year                | <b>72,300</b>   | <b>24,713</b>   |
| <b>Cash and cash equivalents at the end of financial year</b>           | <b>79,022</b>   | <b>72,300</b>   |
| <b>Cash and cash equivalents at the end of financial year comprise:</b> |                 |                 |
| Cash at bank and in hand  | <b>79,022</b>   | <b>72,300</b>   |

The notes on pages 22 to 44 form part of these financial statements.

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 2021**

**1. General Information**

PGA European Tour (the "Company") is a private company limited by guarantee and registered in England and Wales at its 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 Cash Flows and related notes.

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 2021. All Group companies have a financial year end date of 31 December. 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.

**2.3 Going Concern**

The Group meets its day-to-day working capital requirements through the cash reserves available to it. The global COVID19 pandemic continues to create uncertainty over the Group's ability to deliver tournaments within the diverse regions in which it operates. In addition, there is continuing uncertainty whether spectators and hospitality guests will be allowed to attend all tournaments, and the likely costs of any additional precautionary measures that may be required. However, the Group has demonstrated an ability to mitigate the impact of these uncertainties and successfully delivered a full portfolio of events in 2021. The Group's forecasts and downside scenario planning, which take account of potential changes such as a reduction in tournament activity to levels similar to those seen in recent years, show that the group is able to continue to operate, with no significant risk to liquidity levels which would cause concern regarding the ability of the group to continue as a going concern. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting Policies – cont.**

**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, exchange 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.

**2.5 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**2.5 Turnover - cont.**

**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 recognises 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.

**Ryder Cup Income**

The Group recognises revenue under a 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. 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**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 Company becomes committed to making a redundancy which would trigger a termination payment.

The 2019 to 2022 long-term incentive plan for the Executive Leadership Team ("ELT") was suspended in response to the COVID19 pandemic. In June 2021, a new Deferred Bonus Scheme for the ELT for 2021 to 2023 was approved by the Board and is now in place. The cost of the scheme is accrued over the 3 years subject to group and individual performance criteria.

As detailed in note 8 and 9, 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.

**2.10 Other operating income**

Government grants are recognised when there is reasonable assurance that all conditions are met and the grants will be received. Government grants are recognised in line with performance of the grant conditions and are presented as Other Operating Income in the statement of comprehensive income.

**2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**2.12 Intangible Assets**

The Company and Group intangible assets consist of:

- goodwill arising on acquisition;
- 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 3-5 years. A one-off decision was made to apply a 3 year amortization period for a software customisation agreement rather than 5.

Goodwill arising on control of Ryder Cup Europe LLP ("RCE") is amortised over 20 years. Goodwill arising on the acquisition of PGA European Tour Productions Limited ("ETP") is also being amortised over 20 years being the term of the production and media distribution contract signed on acquisition.

**2.13 Equity instruments**

For transactions entered by the Group that result in an obligation to settle with the entity's own equity instruments, the Group has made an election to apply the treatment under IAS 32, para 23.

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. This is the case even if the contract itself is an equity instrument. When the financial liability is recognised initially under IFRS 9, its fair value is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity. An entity's contractual obligation to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount even if the obligation to purchase is conditional on the counterparty exercising a right to redeem.

For the entity only financials, the transactions have been treated as a repo transaction. Repo transactions are repurchase agreements where a transferor ("seller-borrower") transfers a security to a transferee ("buyer-lender") in exchange for cash and simultaneously agrees to reacquire that security at a future date for the same amount of cash plus an interest factor. In a repo transaction, the transferee would not derecognise its security but instead would recognise a financial liability for the obligation to buy-back the security at a fixed price plus interests. This is on the basis that substantially all the risks and rewards of ownership relating to the security transferred has been retained by the transferee. Hence, by analogy to a repurchase agreement involving a buy-back agreement at a fixed price plus interests where the fixed price is equivalent to the consideration transferred by the "buyer-lender" party (in this case PGA US), it would be reasonable to consider the transaction as a financing arrangement involving the recognition of a loan. Under this view, the investment in subsidiaries would not be derecognised and a loan would be recognised for the cash received. Any dividends paid would represent a financial interest on the loan. When the put option is exercised, the loan would be entirely derecognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2.14 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   |

**2.15 Impairment of Assets**

At each reporting date all intangible and tangible 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 following comparisons are made:

- the estimated recoverable amount, being the higher of an asset's or cash-generating unit's ("CGU") to which the asset has been allocated, fair value less costs to sell and the assets or CGU's value in use, and the carrying amount; and
- the result of the above comparison to any previous carrying amount (less depreciation or amortisation) had the carrying amount been unimpaired.

If the carrying amount is higher than the estimated recoverable amount an impairment loss is recognised immediately in profit or loss.

If the carrying amount is lower than the estimated recoverable amount, the carrying amount of the asset is increased to the estimate of its recoverable amount, but not in excess of the previous carrying amount (less depreciation or amortisation) had the carrying amount been unimpaired.

**2.16 Investments in Subsidiaries**

The Group's investments in subsidiaries are listed in note 16.

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 Company Balance Sheet shows investments in subsidiaries at cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**2.17 Associates and Joint Ventures**

The Group's investments in joint ventures and associates are listed in note 16.

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 ventures 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 venture's consent.

The Group's share of the profits less losses of joint ventures is included in the consolidated income statement. The consolidated Balance Sheet includes the investment in joint ventures at the Group's share of net assets. The Company Balance Sheet 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.

**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.

Between 2020 and 2021 employees were entitled to carry forward unused annual leave capped at 10 working days under government guidance resulting from the COVID19 pandemic. The cost of days carried over is expensed in the year the holiday was earned.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**2.22 Financial Instruments**

The Group applies section 11 and 12 of FRS 102 in respect of recognition of 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer 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; or
- 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies – cont.**

**2.21 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 21 have been designated as hedging instruments, with the exception of ETP.

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.

**2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgements in Applying Accounting Policies and Key Sources of Estimation and 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.

**3.1 Judgements**

*Provisions Against Debtors*

The ability to collect receivables is assessed on an ongoing basis and where management judge an individual amount or account has become uncollectable a specific provision may be made.

*Discount rates*

Where applicable in calculating future valuations management consider factors such as interest rate forecasts and economic indicators in determining an appropriate rate to apply.

*Taxation*

Where tax losses arise, management make judgements in regards to the likelihood of future profits. Where it is judge that no such profits will arise deferred tax associated with losses carried forwards deferred tax associated with such losses is not provided.

*Legal Claims*

The Group may be subject to legal claims, actions or proceedings in the normal course of business. In determining the need for provisions against these claims management consider the likelihood of a material. Where it is determined that such claims may be reasonably likely to be successful an estimate will be made as to the likely amount (see below).



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

*True and Fair Value Override*

The true and fair override is used 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.

**3.2 Estimates**

*Income recognition*

Within the Group there are a number of long-term contracts which require estimations to be applied. The basis for recognition of these contracts is described in note 2.5. Management is required to make estimates in regards to the timing and amount of future expenditure in determining the recognition of these revenues under this policy. Any adjustments to these revenues may be made in the final year of the contract.

*Provisions Against Debtors*

The likelihood of collecting receivables is assessed on an ongoing basis and estimated amount of doubtful debts is provided and reviewed on a quarterly basis using the following rule:

|                      |      |
|----------------------|------|
| 120-364 days due     | 50%  |
| 365 days due or more | 100% |

*Depreciation and Amortisation Rates*

The Group depreciates or amortises 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 2.11 and 2.12. 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 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 13.

*Legal Claims*

As described above once a legal claim is considered reasonably likely management estimate both the total value of the claim plus any expenses associated both with disputing or negotiating such a claim and associated court fees.

*Fair Values on Acquisition of ETP*

The fair value of tangible and intangible assets acquired on the acquisition of ETP involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Group Turnover**

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

|   | <b>2021</b>    | <b>2020</b>  |
|---|----------------|--------------|
|   | <b>£'000</b>   | <b>£'000</b> |
| Group and share of joint ventures' turnover | <b>253,401</b> | 157,228      |

Group and share of joint ventures' turnover in the year includes £22.1m relating to the Ryder Cup (2020: £4.0m)

**5. Administrative Expenses**

|                                    | <b>2021</b>    | <b>2020</b>  |
|------------------------------------|----------------|--------------|
|                                    | <b>£'000</b>   | <b>£'000</b> |
| Tournament staging and development | <b>131,582</b> | 76,858       |
| Tour production                    | <b>66,928</b>  | 42,413       |
| Other admin expenses               | <b>37,226</b>  | 46,248       |
|                                    | <b>235,736</b> | 165,519      |

**6. Operating profit/(loss)**

|                                     | <b>2021</b>  | <b>2020</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£'000</b> | <b>£'000</b> |
| Foreign exchange losses             | <b>1,339</b> | (448)        |
| Provisions for doubtful debts       | <b>503</b>   | 1,300        |
| Impairment of intangible assets     | -            | 104          |
| Operating lease rentals             | <b>8</b>     | 61           |
| (Profit)/loss on disposal of assets | <b>(5)</b>   | 9            |
| Amortisation of intangible assets   | <b>9,619</b> | 9,602        |
| Depreciation of tangible assets     | <b>525</b>   | 559          |

**7. Auditors' Remuneration**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Fees payable to the Group's auditors for the audit of Group's annual financial statements                | <b>133</b>   | 112          |
| Fees payable to the Group's auditors in respect of:<br>Audit of the financial statements of subsidiaries | <b>94</b>    | 89           |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. Employees**

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

|   | <b>2021</b>   | <b>2020</b>  |
|---|---------------|--------------|
|   | <b>£'000</b>  | <b>£'000</b> |
| Wages and salaries                              | <b>21,878</b> | 19,786       |
| Social security costs                           | <b>2,116</b>  | 2,807        |
| Other pension costs                             | <b>1,559</b>  | 1,706        |
|   | <b>25,553</b> | 24,299       |
| Less: Amounts recharged to related undertakings | <b>(542)</b>  | (64)         |
|   | <b>25,011</b> | 24,235       |

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.

Net staff costs for the year includes costs of £3.7m (2020: £3.0m) relating to RCE.  
Total staff costs include the long-term incentive.

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

|                     | <b>2021</b>   | <b>2020</b>   |
|---------------------|---------------|---------------|
|                     | <b>number</b> | <b>number</b> |
| Administration      | <b>75</b>     | 76            |
| Field and operation | <b>88</b>     | 93            |
| Commercial          | <b>61</b>     | 71            |
|                     | <b>224</b>    | 240           |

In addition, the average number of retained consultants of the Group during the year was 27 (2020: 11).

**9. Directors' remuneration**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Remuneration in respect of Directors, including those deemed to be Shadow Directors, was as follows: |              |              |
| Aggregate Directors' emoluments  | <b>1,492</b> | 1,450        |
| Bonus/LTIP   | <b>1,418</b> | 585          |
| Pension contributions to money purchase pension schemes  | <b>8</b>     | 54           |
|  | <b>2,918</b> | 2,089        |
| Highest paid Director:   |              |              |
| Aggregate Directors' emoluments  | <b>715</b>   | 862          |
| Bonus/LTIP   | <b>1,418</b> | 585          |
| Pension contributions to money purchase pension schemes  | <b>8</b>     | 54           |
|  | <b>2,141</b> | 1,501        |

The 2019 to 2022 long-term incentive plan for the Executive Leadership Team ("ELT") was suspended in response to the COVID19 pandemic. In June 2021, a new Deferred Bonus Scheme for the ELT for 2021 to 2023 was approved by the Board and is now in place.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Other operating income**

|        | <b>2021</b>  | <b>2020</b>  |
|--------|--------------|--------------|
|        | <b>£'000</b> | <b>£'000</b> |
| Grants | <u>-</u>     | <u>893</u>   |

Under the UK government Job Retention Scheme the Company has made claims associated with employees placed on furlough during 2020 when tournaments were cancelled or postponed or where events were reduced in scale. No claims were made in 2021 under this scheme.

**11. Interest receivable and similar income**

|                           | <b>2021</b>  | <b>2020</b>  |
|---------------------------|--------------|--------------|
|                           | <b>£'000</b> | <b>£'000</b> |
| Other interest receivable | <u>17</u>    | <u>56</u>    |

**12. Interest payable and similar expenses**

|                                       | <b>2021</b>         | <b>2020</b>       |
|---------------------------------------|---------------------|-------------------|
|                                       | <b>£'000</b>        | <b>£'000</b>      |
| Dividends treated as a finance charge | <b>2,345</b>        | -                 |
| Loan interest                         | <b>63</b>           | <b>342</b>        |
| Other interest payable                | <b>26</b>           | <b>16</b>         |
|                                       | <u><b>2,434</b></u> | <u><b>358</b></u> |

In line with the election to apply the accounting treatment under IFRS, the amount paid in respect of distributions to PGA TOUR have been recognised as a finance costs on the liability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. Tax on profit/(loss)**

|  | <b>2021</b>   | <b>2020</b>    |
|--|---------------|----------------|
|  | <b>£'000</b>  | <b>£'000</b>   |
| <b>Corporation tax</b>                         |               |                |
| Current tax on profit/(loss) for the year      | <b>1,221</b>  | <b>882</b>     |
| Adjustment in respect of prior years           | <b>236</b>    | <b>-</b>       |
| Foreign tax relief/other relief                | <b>(527)</b>  | <b>(454)</b>   |
|  | <b>930</b>    | <b>428</b>     |
| Foreign tax suffered                           | <b>738</b>    | <b>454</b>     |
| <b>Total current tax</b>                       | <b>1,668</b>  | <b>882</b>     |
| <b>Deferred tax</b>                            |               |                |
| Origination and reversal of timing differences | <b>(937)</b>  | <b>(2,301)</b> |
| Effects of changes in tax rates                | <b>12,283</b> | <b>4,934</b>   |
| Adjustment in respect of prior years           | <b>(890)</b>  | <b>(721)</b>   |
| <b>Total deferred tax</b>                      | <b>10,456</b> | <b>1,912</b>   |
| <b>Total tax</b>                               | <b>12,124</b> | <b>2,794</b>   |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:

|   | <b>2021</b>    | <b>2020</b>     |
|---|----------------|-----------------|
|   | <b>£'000</b>   | <b>£'000</b>    |
| Profit/(loss) before taxation   | <b>4,511</b>   | <b>(18,199)</b> |
| Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | <b>857</b>     | <b>(3,458)</b>  |
| <b>Effects of:</b>  |                |                 |
| Tax rate changes  | <b>12,283</b>  | <b>4,934</b>    |
| Expenses not deductible for tax purposes  | <b>1,410</b>   | <b>1,606</b>    |
| Adjustment in respect of prior years  | <b>(654)</b>   | <b>(721)</b>    |
| Non-taxable income  | <b>(1,649)</b> | <b>-</b>        |
| Deferred tax not recognised   | <b>-</b>       | <b>84</b>       |
| Minority interest share of partnership losses   | <b>(329)</b>   | <b>352</b>      |
| Overseas tax differences  | <b>206</b>     | <b>-</b>        |
| Other   | <b>-</b>       | <b>(3)</b>      |
| <b>Total tax charge for the financial year</b>  | <b>12,124</b>  | <b>2,794</b>    |

In spring 2020 the UK Government announced that plans for future reductions in corporation tax to 17% would be revoked and prevailing rate of 19% would be applicable for all future accounting periods. Further, in the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Both rate increases have been substantively enacted at the balance sheet date and are reflected in tax rate changes above.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Intangible Assets**

**Group**

|                                     | Intellectual<br>property<br>rights | Title<br>rights | Software   | Goodwill  | Negative<br>goodwill | Total          |
|-------------------------------------|------------------------------------|-----------------|------------|-----------|----------------------|----------------|
|                                     | £'000                              | £'000           | £'000      | £'000     | £'000                | £'000          |
| <b>Cost</b>                         |                                    |                 |            |           |                      |                |
| At 1 January 2021                   | 294,230                            | 686             | 3,826      | 2,169     | (121,663)            | <b>179,248</b> |
| Additions                           | -                                  | -               | 280        | -         | -                    | <b>280</b>     |
| At 31 December 2021                 | 294,230                            | 686             | 4,106      | 2,169     | (121,663)            | <b>179,528</b> |
| <b>Accumulated<br/>amortisation</b> |                                    |                 |            |           |                      |                |
| At 1 January 2021                   | 49,006                             | 686             | 2,053      | 2,137     | (18,249)             | <b>35,633</b>  |
| Charge for the<br>year              | 14,425                             | -               | 1,266      | 11        | (6,083)              | <b>9,619</b>   |
| At 31 December 2021                 | 63,431                             | 686             | 3,319      | 2,148     | (24,332)             | <b>45,252</b>  |
| <b>Net book value</b>               |                                    |                 |            |           |                      |                |
| At 31 December 2021                 | <b>230,799</b>                     | <b>-</b>        | <b>787</b> | <b>21</b> | <b>(97,331)</b>      | <b>134,276</b> |
| At 31 December 2020                 | 245,224                            | -               | 1,773      | 32        | (103,414)            | <b>143,615</b> |

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 Tour Hospitality Limited;
- PGA European Tour Productions Limited; and
- FF Golf Production.

Software is amortised over 5 years. Goodwill arising on control of RCE and ETP are being amortised over 20 years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Intangible Assets – cont.**

**Company**

|                                     | Intellectual<br>property<br>rights<br>£'000 | Title rights<br>£'000 | Software<br>£'000 | Total<br>£'000 |
|-------------------------------------|---|-----------------------|-------------------|----------------|
| <b>Cost</b>                         |   |                       |                   |                |
| At 1 January 2021                   | 3,786                                       | 686                   | 2,658             | 7,130          |
| Additions                           | -   | -                     | 280               | 280            |
| At 31 December 2021                 | 3,786                                       | 686                   | 2,938             | 7,410          |
| <b>Accumulated<br/>amortisation</b> |   |                       |                   |                |
| At 1 January 2021                   | 3,786                                       | 686                   | 1,579             | 6,051          |
| Charge for the year                 | -   | -                     | 869               | 869            |
| At 31 December 2021                 | 3,786                                       | 686                   | 2,448             | 6,920          |
| <b>Net book value</b>               |   |                       |                   |                |
| At 31 December 2021                 | -   | -                     | 490               | 490            |
| At 31 December 2020                 | -   | -                     | 1,079             | 1,079          |

**15. Tangible Assets**

**Group and Company**

|                                     | Freehold<br>buildings<br>£'000 | Long-<br>term<br>leasehold<br>property<br>£'000 | Field<br>equipment<br>£'000 | Motor<br>vehicles<br>£'000 | Fixtures<br>&<br>fittings<br>£'000 | Office &<br>computer<br>equipment<br>£'000 | Total<br>£'000 |
|-------------------------------------|--------------------------------|---|-----------------------------|----------------------------|------------------------------------|--|----------------|
| <b>Cost</b>                         |                                |   |                             |                            |                                    |  |                |
| At 1 January 2021                   | 509                            | 4,002   | 148                         | 460                        | 225                                | 1,292                                      | 6,636          |
| Additions                           | -                              | -   | 35                          | -                          | -                                  | 193  | 228            |
| Disposals                           | -                              | -   | -                           | (11)                       | -                                  | -  | (11)           |
| At 31 December 2021                 | 509                            | 4,002   | 183                         | 449                        | 225                                | 1,485                                      | 6,853          |
| <b>Accumulated<br/>depreciation</b> |                                |   |                             |                            |                                    |  |                |
| At 1 January 2021                   | 218                            | 1,847   | 112                         | 460                        | 61                                 | 959  | 3,657          |
| Charge for the year                 | 10                             | 157   | 26                          | -                          | 32                                 | 300  | 525            |
| Disposals                           | -                              | -   | -                           | (11)                       | -                                  | -  | (11)           |
| At 31 December 2021                 | 228                            | 2,004   | 138                         | 449                        | 93                                 | 1,259                                      | 4,171          |
| <b>Net book value</b>               |                                |   |                             |                            |                                    |  |                |
| At 31 December 2021                 | 281                            | 1,998   | 45                          | -                          | 132                                | 226  | 2,682          |
| At 31 December 2020                 | 291                            | 2,155   | 36                          | -                          | 164                                | 333  | 2,979          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**16. Investments**

**Group**

|                            | Interests in<br>joint<br>ventures<br>£'000 |
|----------------------------|--|
| <b>Cost</b>                |  |
| At 1 January 2021          | 362  |
| Share of profits in JV     | 8  |
| <b>At 31 December 2021</b> | <b>370</b>                                 |

**Company**

|   | Interests in<br>subsidiaries<br>£'000 | Loans to<br>subsidiaries<br>£'000 | Total<br>£'000 |
|---|---------------------------------------|-----------------------------------|----------------|
| <b>Cost</b>                               |                                       |                                   |                |
| At 1 January 2021 and<br>31 December 2021 | 1,242                                 | 58                                | 1,300          |

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| <b>Name</b>                              | <b>Registered</b>   | <b>Principal Activity</b>                                       | <b>Class of<br/>shares</b> | <b>Holding</b> |
|--|---|---|----------------------------|----------------|
| PGA European Tour<br>South SA            | Caldes de Malavella (Girona,<br>Spain), Or Furest i Roca 63                     | No longer trading   | Bearer                     | 100%           |
| European Golf<br>Management Limited      | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | Golf course<br>consultancy                                      | Ordinary                   | 100%           |
| PGA European Tour<br>Productions Limited | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | Television production<br>and distribution of<br>golf programmes | Ordinary                   | 85%            |
| Ryder Cup Europe LLP                     | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | The promotion of the<br>Ryder Cup                               | Partnership<br>interest    | 60%            |
| Ryder Cup Limited *                      | Centenary House, The Belfry,<br>Sutton Coldfield, West<br>Midlands, B76 9PT     | The promotion of the<br>Ryder Cup                               | Ordinary                   | 60%            |
| FF Golf Production                       | 42 Avenue Montaigne,<br>75007, Paris  | French Open<br>operation  | Ordinary                   | 100%           |
| European Tour China<br>Limited           | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | Representative office   | Ordinary                   | 100%           |
| Ryder Cup Italy<br>Limited*              | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | The promotion of the<br>Ryder Cup 2023                          | Ordinary                   | 60%            |

\*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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**16. Investments – continued**

**Joint ventures**

The following were joint ventures of the Company:

| <b>Name</b>                  | <b>Registered</b>   | <b>Principal Activity</b> | <b>Holding</b> |
|------------------------------|---|---------------------------|----------------|
| European Golf Design Limited | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | Design of golf courses    | 50%            |

**Associates**

The following were associates of the Company:

| <b>Name</b>                   | <b>Registered</b>   | <b>Principal Activity</b>          | <b>Holding</b> |
|-------------------------------|---|------------------------------------|----------------|
| European Legends Tour Limited | European Tour Building,<br>Wentworth Drive, Virginia<br>Water, Surrey, GU25 4LX | Management of the Senior Golf Tour | 30%            |

**17. Debtors**

|                                    | <b>Group</b>  | <b>Group</b>  | <b>Company</b> | <b>Company</b> |
|------------------------------------|---------------|---------------|----------------|----------------|
|                                    | <b>2021</b>   | <b>2020</b>   | <b>2021</b>    | <b>2020</b>    |
|                                    | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>   |
| Trade debtors                      | 51,176        | 35,124        | 24,575         | 21,603         |
| Amounts owed by group undertakings | -             | -             | 3,203          | 3,812          |
| Amounts owed by related entities   | 574           | 652           | 360            | 609            |
| Other debtors                      | 3,689         | 3,292         | 3,432          | 4,200          |
| Prepayments and accrued income     | 15,357        | 7,654         | 7,337          | 1,902          |
| Corporation tax receivable         | 742           | 1,376         | 145            | 176            |
| Deferred taxation (note 23)        | -             | -             | 1,664          | 2,178          |
| Taxation and social security       | 2,740         | 7,435         | 746            | 2,313          |
| Derivative financial instruments   | 1,267         | 197           | 1,076          | 102            |
|                                    | <b>75,545</b> | <b>55,730</b> | <b>42,538</b>  | <b>36,895</b>  |

The gross value of trade debtors was £55.1m (2020: £38.8m). A bad debt provision of £3.9m (2020: £3.7m) has been made against this.

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

**18. Cash at Bank and in Hand**

|                          | <b>Group</b> | <b>Group</b> | <b>Company</b> | <b>Company</b> |
|--------------------------|--------------|--------------|----------------|----------------|
|                          | <b>2021</b>  | <b>2020</b>  | <b>2021</b>    | <b>2020</b>    |
|                          | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b>   |
| Cash at bank and in hand | 79,022       | 72,300       | 36,176         | 12,444         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Creditors: amounts falling due within one year**

|                                      | <b>Group</b>  | <b>Group</b>  | <b>Company</b> | <b>Company</b> |
|--------------------------------------|---------------|---------------|----------------|----------------|
|                                      | <b>2021</b>   | <b>2020</b>   | <b>2021</b>    | <b>2020</b>    |
|                                      | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>   |
| Trade creditors                      | 7,308         | 2,468         | 4,737          | 1,744          |
| Loans                                | -             | 30,342        | -              | 30,342         |
| Amounts owed to group undertakings   | -             | -             | 6,073          | 1,203          |
| Amounts owed to related undertakings | 2,345         | -             | -              | -              |
| Taxation and social security         | 1,786         | 788           | 1,727          | 1,086          |
| Other creditors                      | 2,874         | 3,616         | 1,097          | 394            |
| Accruals and deferred income         | 69,392        | 61,933        | 39,250         | 33,958         |
| Derivative financial instruments     | 1,178         | -             | 495            | -              |
|                                      | <b>84,883</b> | <b>99,147</b> | <b>53,379</b>  | <b>68,727</b>  |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**20. Creditors: amounts falling due after more than one year**

|                 | <b>Group</b>  | <b>Group</b>  | <b>Company</b> | <b>Company</b> |
|-----------------|---------------|---------------|----------------|----------------|
|                 | <b>2021</b>   | <b>2020</b>   | <b>2021</b>    | <b>2020</b>    |
|                 | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>   |
| PGA TOUR loan   | 22,215        | -             | 22,215         | -              |
| Deferred income | 38,181        | 30,268        | -              | -              |
|                 | <b>60,396</b> | <b>30,268</b> | <b>22,215</b>  | <b>-</b>       |

On 30 June PGA TOUR acquired a 15% stake in ETP on 30 January 2021 for a fee of \$85m, \$30m of which was paid on 30 January 2021 and a further \$55m paid in equal instalments of \$13.75m over the following 4 years.

In line with the election to apply the accounting treatment under IFRS, the amount received in 2021 has been recognised as a financial liability, with the dividends paid in the current year being treated as finance costs on the liability and the total amount of \$85m treated as a financial commitment. The foreign currency translation gain/loss has been recognised in the income statement.

Deferred income primarily relates to income received in advance of future Ryder Cup events.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. Derivative Financial Instruments**

|  |                      | Notional<br>value | Fair Value   | Notional<br>value | Fair Value |
|--|----------------------|-------------------|--------------|-------------------|------------|
|  |                      | 2021              | 2021         | 2020              | 2020       |
|  |                      | £'000             | £'000        | £'000             | £'000      |
| <b>The foreign currency forward contracts outstanding as at the year-end were:</b> |                      |                   |              |                   |            |
|  | <b>Exercise date</b> |                   |              |                   |            |
| <b>PGA European Tour:</b>  |                      |                   |              |                   |            |
| SELL EUR / BUY GBP   | Less than 1yr        | 34,667            | 902          | 27,922            | 92         |
| SELL USD/BUY GBP   | Less than 1yr        | 30,000            | 174          | -                 | -          |
| SELL AED / BUY GBP   | Less than 1yr        | -                 | -            | 3,000             | 10         |
| <b>PGA European Tour Asset</b>   |                      |                   | <b>1,076</b> |                   | <b>102</b> |
| SELL AED / BUY GBP   | Less than 1yr        | 2,295             | (4)          | -                 | -          |
| SELL USD / BUY USD   | Less than 1yr        | 50,125            | (491)        | -                 | -          |
| <b>Total PGA European Tour</b>   |                      |                   | <b>(495)</b> |                   | <b>-</b>   |
|  |                      |                   | <b>581</b>   |                   | <b>102</b> |
| <b>PGA European Tour Productions Limited:</b>                                      |                      |                   |              |                   |            |
| SELL EUR / BUY GBP   | Less than 1yr        | 7,550             | 189          | 7,480             | 95         |
| SELL USD / BUY GBP   | Less than 1yr        | 1,000             | 2            | -                 | -          |
|  |                      |                   | <b>191</b>   |                   | <b>95</b>  |
| SELL USD / BUY GPB   | Less than 1yr        | 46,180            | (683)        | -                 | -          |
| <b>Total PGA European Tour Productions Limited</b>                                 |                      |                   | <b>(492)</b> |                   | <b>95</b>  |
| <b>Total Group</b>   |                      |                   | <b>89</b>    |                   | <b>197</b> |

A net loss of £0.1m (2020: loss of £0.5m) was recognised in other comprehensive income. No losses 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 £0.1m (2020: £0.5m) was recognised in the profit and loss when the hedged instruments matured.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**22. Financial Instruments**

|  | <b>Group</b>    | <b>Group</b>    | <b>Company</b>  | <b>Company</b>  |
|--|-----------------|-----------------|-----------------|-----------------|
|  | <b>2021</b>     | <b>2020</b>     | <b>2021</b>     | <b>2020</b>     |
|  | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    |
| <b>Financial assets</b>  |                 |                 |                 |                 |
| Financial assets measured at fair value through profit or loss   | 1,267           | 197             | 1,076           | 102             |
| Financial assets that are debt instruments measured at amortised cost  | 66,805          | 41,505          | 38,169          | 30,613          |
|  | <u>68,072</u>   | <u>41,702</u>   | <u>39,245</u>   | <u>30,715</u>   |
| <b>Financial liabilities</b>   |                 |                 |                 |                 |
| Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio | (1,178)         | -               | (495)           | -               |
| Financial liabilities measured at amortised cost   | (35,746)        | (53,920)        | (33,658)        | (46,741)        |
|  | <u>(36,924)</u> | <u>(53,920)</u> | <u>(34,153)</u> | <u>(46,741)</u> |

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 subsidiary undertakings, 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, loans, other creditors and accruals.

**23. Deferred Taxation**

|  | <b>Group</b>    | <b>Group</b>    | <b>Company</b> | <b>Company</b> |
|--|-----------------|-----------------|----------------|----------------|
|  | <b>2021</b>     | <b>2020</b>     | <b>2021</b>    | <b>2020</b>    |
|  | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>   | <b>£'000</b>   |
| <b>Movement in the year:</b>                           |                 |                 |                |                |
| At 1 January   | (44,153)        | (42,241)        | 2,178          | 2,559          |
| Deferred tax charged to profit or loss                 | (11,346)        | (1,912)         | (1,389)        | (23)           |
| Adjustment in respect of prior years                   | 890             | -               | 875            | (358)          |
| <b>At 31 December</b>                                  | <u>(54,609)</u> | <u>(44,153)</u> | <u>1,664</u>   | <u>2,178</u>   |
| <b>The deferred tax balance is made up as follows:</b> |                 |                 |                |                |
| Accelerated capital allowances                         | 721             | 569             | 376            | 312            |
| Losses   | 283             | 871             | 284            | 871            |
| Acquired intangible assets                             | (56,618)        | (46,594)        | -              | -              |
| Short term timing differences - trading                | 1,005           | 1,001           | 1,004          | 995            |
|  | <u>(54,609)</u> | <u>(44,153)</u> | <u>1,664</u>   | <u>2,178</u>   |
| <b>Comprising:</b>                                     |                 |                 |                |                |
| Within one year  | (2,399)         | (1,737)         | -              | 995            |
| After one year   | (52,210)        | (42,416)        | 1,664          | 1,183          |
|  | <u>(54,609)</u> | <u>(44,153)</u> | <u>1,664</u>   | <u>2,178</u>   |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**24. Other provisions**

|  | Group<br>2021<br>£'000 | Group<br>2020<br>£'000 | Company<br>2021<br>£'000 | Company<br>2020<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| <b>Group and Company: Other provisions</b> |                        |                        |                          |                          |
| At 1 January                               | 4,233                  | 1,750                  | 4,034                    | 1,750                    |
| New/increased provisions                   | 627                    | 3,159                  | 363                      | 2,960                    |
| Utilised in the year                       | (1,118)                | (640)                  | (930)                    | (640)                    |
| Reversed in the year                       | (1,285)                | (36)                   | (1,209)                  | (36)                     |
| At 31 December                             | <u>2,457</u>           | <u>4,233</u>           | <u>2,258</u>             | <u>4,034</u>             |

**25. Reserves**

**Other Reserves**

The other reserves consist of hedging gain, translation of foreign subsidiary and fair value override. 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.

**26. Contingent Liabilities**

|                  | Group/<br>Company<br>2021<br>£'000 | Group/<br>Company<br>2020<br>£'000 |
|------------------|------------------------------------|------------------------------------|
| Bonds/guarantees | <u>422</u>                         | <u>146</u>                         |

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.

The Group has an unsecured and unused overdraft facility with HSBC up to a maximum of £5m.

The Company 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 2021 for European Tour China Limited and European Golf Management Limited.

**27. Capital and Other Commitments**

At 31 December the Group had capital commitments as follows:

**Contract for the future provision of production and distribution rights:**

|   | Group<br>2021<br>£'000 | Group<br>2020<br>£'000 |
|---|------------------------|------------------------|
| Not later than one year                           | 15,802                 | 13,371                 |
| Later than one year but not later than five years | 67,621                 | 64,216                 |
| later than five years                             | <u>269,047</u>         | <u>288,253</u>         |
|   | <u>352,470</u>         | <u>365,840</u>         |

This commitment arose as a result of the agreement signed for production and distribution rights following the acquisition of the remainder of ETP.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**28. Commitments Under Operating Lease**

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

|                         | 2021<br>£'000 | 2020<br>£'000 |
|-------------------------|---------------|---------------|
| Not later than one year | 1             | 3             |
| Later than one year     | 1             | 2             |
|                         | <u>2</u>      | <u>5</u>      |

**29. Related Party Transactions**

PGA European Tour Limited holds investments in a number of subsidiaries and joint ventures as disclosed in note 16. These entities are regarded as related parties and so transactions with them and balances due from/(to) them are disclosed below, except that the Company has utilised the exemption under paragraph 33.1A of FRS 102 and not disclosed transactions with wholly owned subsidiary undertakings.

|                                       | 2021                                   |                                  |                                    | 2020                                   |                                  |                                    |
|---------------------------------------|--|----------------------------------|------------------------------------|--|----------------------------------|------------------------------------|
|                                       | Purchases/<br>charges<br>from<br>£'000 | Sales/<br>charges<br>to<br>£'000 | Balance<br>at year<br>end<br>£'000 | Purchases/<br>charges<br>from<br>£'000 | Sales/<br>charges<br>to<br>£'000 | Balance<br>at year<br>end<br>£'000 |
| <b>The Group</b>                      |  |                                  |                                    |  |                                  |                                    |
| European Golf Design Limited          | 68                                     | 6                                | (16)                               | 19                                     | -                                | -                                  |
| London Golf Club Developments Limited | 52                                     | 77                               | 24                                 | -                                      | -                                | -                                  |
| PGA Tour Inc and its associates       | 2,695                                  | -                                | (24,560)                           | -                                      | -                                | -                                  |
| European Legends Tour Limited         | 672                                    | 1,987                            | 292                                | -                                      | -                                | -                                  |
| The McGinley Foundation               | -                                      | -                                | -                                  | 61                                     | -                                | -                                  |
| <b>The Company</b>                    |  |                                  |                                    |  |                                  |                                    |
| Ryder Cup Europe LLP                  | 62                                     | 6,394                            | (2,394)                            | 308                                    | 5,998                            | (83)                               |
| Ryder Cup Limited                     | -                                      | -                                | 24                                 | -                                      | -                                | 55                                 |
| European Golf Design Limited          | 64                                     | 6                                | (13)                               | 14                                     | -                                | -                                  |
| London Golf Club Developments Limited | 52                                     | 15                               | 24                                 | -                                      | -                                | -                                  |
| The McGinley Foundation               | -                                      | -                                | -                                  | 61                                     | -                                | -                                  |
| PGA Tour Inc and its associates       | 176                                    | -                                | (22,215)                           | -                                      | -                                | -                                  |
| European Legends Tour Limited         | 673                                    | 1,658                            | 292                                | -                                      | -                                | -                                  |

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

The balance owed to PGA TOUR and its associates by group entities relates to a long term loan £22.2m and dividends payable £2.3m (2020: not a related party) and by the company relates to a long term loan £22.2m (2020: not a related party). See note 20.

**30. Post Balance Sheet Events**

In June 2022 the Group and PGA TOUR further extended their partnership which included a pledge by PGA TOUR to acquire a further 25% stake in ETP details of this acquisition are, at date of signing, yet to be agreed.