

Directors

A G Gormly CMG, CBE
R D Muckart BSc, FFA
G R Caldwell
I A T Donald
C L A Edginton
P W J Greenhough
R G Hanna
Air Chief Marshal Sir Patrick Hine GCB, GBE, FRAeS
K H Hodgkinson FCMA
A W J Holmes
I M Marshall FRICS
J S McArthur FRICS, MAPM
I R H Pattinson
K D Schofield CBE
P E Selway-Swift
N M Stephens

Secretary

M T Dobell

Auditors

Ernst & Young LLP
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50 George Square
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G2 1RR

Bankers

The Royal Bank of Scotland plc
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Solicitors

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Directors' report

The directors submit their report and financial statements for the year ended 31 December 2010.

Principal Activity

The group's principal activities are to organise, manage and promote golf championships and act as the governing body for the governance of the rules of the game of golf.

Review of the business and Future Developments

The group profit for the year after taxation amounts to £5,146,000.

	2010 £'000	2009 £'000	Change %
Group turnover	51,548	46,376	11.2%
Operating profit	6,230	7,031	(11.4)%
Profit after tax	5,146	5,502	(6.5)%
Shareholders' funds	73,261	63,156	16.0%
Average number of employees	117	114	2.6%

The Group turnover increased by 11.2% during the year due to higher attendance at the 150th Anniversary of The Open Championship held at St Andrews. The Group operating profit decreased by 11.4% as result of making a charitable donation of £2,500,000 to The R&A Foundation and incurring increased management costs. It is anticipated that the trading results of the Group will be lower in 2011 due to the economic recession. Shareholders' funds have increased by 16.0% due to profit for the year and revaluation of investments.

Financial Risk Management Policy

The group's principal financial instruments comprise cash, cash equivalents and long term loans. Other financial assets and liabilities, such as trade debtors and creditors and group balances, arise directly from the group's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Investment policy

The directors invest in such investments as they deem suitable having taken appropriate advice and have appointed Investment Managers. The policy is to adopt a medium risk long term investment strategy based on a broadly diversified portfolio of various asset classes. Performance is monitored on a regular basis. The directors consider the investment portfolio to be of a long term nature with no significant turnover of investment holdings anticipated

Interest rate risk

The company invests surplus cash in floating rate interest yielding bank deposit accounts and Global Treasury deposits. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. Long term loans are made as part of the group's golf development activities and are interest free, subject to one loan of £31,000 on which interest accrues at 3% per annum.

Directors' report

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities.

Credit risk

Sales transactions are with external third parties and within the group. The group therefore has the risk of exposure to external credit risk in respect of third party receivables. For long term loans, the accounts and cash flow forecasts of the applicants are assessed prior to granting the loan. The timely receipt of repayment instalments is monitored regularly. The group deposits its cash with major clearing banks.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure and long term loans are approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts or in Global Treasury deposits available on two days' notice.

Foreign currency risk

The company's principal transactions in foreign currency are denominated in U.S. dollars (see Accounting Policy on page 15 of the accounts). Therefore, the company's income and cash flows arising from these transactions can be affected by movements in the U.S. dollar exchange rate. Hedging activity is undertaken to mitigate this risk by entering into forward foreign currency contracts to sell expected U.S. dollar receipts when rates appear favourable. The timing of entering into these forward sales contracts is decided at group level.

Directors and their interests

The directors of the company during the year were:

A G Gormly CMG, CBE	
R D Muckart BSc, FFA	
R Barnett	(Resigned 22 September 2010)
C M Brown	(Resigned 22 September 2010)
W M B Brown	(Resigned 22 September 2010)
G R Caldwell	
C L A Edginton	
P W J Greenhough	
R G Hanna	
K H Hodgkinson FCMA	
A W J Holmes	
A J N Loudon LLB	(Resigned 22 September 2010)
I R H Pattinson	
Prof. W Sibbett CBE, FRS, FRSE	(Resigned 22 September 2010)
N M Stephens	
P M G Unsworth	(Resigned 22 September 2010)
I A T Donald	(Appointed 22 September 2010)
Air Chief Marshal Sir Patrick Hine GCB ,GBE,FRAeS	(Appointed 22 September 2010)
I M Marshall FRICS	(Appointed 22 September 2010)
J S McArthur FRICS, MPAM	(Appointed 22 September 2010)
K D Schofield CBE	(Appointed 22 September 2010)
P E Selway-Swift	(Appointed 22 September 2010)

None of the directors during the year held a beneficial interest in the issued share capital of the company.

Directors' report

Directors' qualifying third party indemnity provisions

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 234d of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with the provisions of Section 485 of the Companies Act 2006, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Ernst & Young LLP will continue in office as auditors.

By order of the board



M T Dobell
Secretary

11 March 2011

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of R&A Trust Company (No.1) Limited

We have audited the financial statements of R&A Trust Company (No.1) Limited for the year ended 31 December 2010 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of R&A Trust Company (No.1) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

James Andrew Bishop (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

11 March 2011

Group statement of total recognised gains and losses

For the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Profit for the financial year		5,146	5,502
Revaluation of investments		4,692	6,170
Actuarial gain/(loss) net of tax	16	267	(2,527)
Total recognised gains and losses relating to the year	18	<u>10,105</u>	<u>9,145</u>

Group balance sheet

At 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	2,135	2,279
Investments	9	51,771	45,700
Long term loans	10	3,156	3,416
		<u>57,062</u>	<u>51,395</u>
Current assets			
Stocks	11	125	69
Debtors	12	8,911	11,448
Short term deposits		6,014	-
Cash at bank and in hand		13,022	13,599
		<u>28,072</u>	<u>25,116</u>
Creditors: amounts falling due within one year	13	11,905	12,857
Net current assets		<u>16,167</u>	<u>12,259</u>
Total assets less current liabilities		<u>73,229</u>	<u>63,654</u>
Accruals and deferred income			
Deferred grants	15	174	192
Net assets, excluding pension asset/(liability)		<u>73,055</u>	<u>63,462</u>
Pension asset/(liability) net of tax	16	206	(306)
Net assets, including pension asset/(liability)		<u>73,261</u>	<u>63,156</u>
Capital and reserves			
Called up share capital	17	5,000	5,000
Revaluation Reserve	18	6,055	1,043
Profit and loss account	18	62,206	57,113
Shareholders' funds	18	<u>73,261</u>	<u>63,156</u>

A G Gormly CMG, CBE

Director



P E Selway-Swift

Director



11 March 2011

Parent company balance sheet

At 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	9	53,271	47,200
Long term loans	10	3,125	3,416
		<u>56,396</u>	<u>50,616</u>
Current assets			
Debtors	12	41	55
Short term deposits		6,014	-
Cash at bank and in hand		12,690	12,217
		<u>18,745</u>	<u>12,272</u>
Creditors: amounts falling due within one year	13	16,549	16,617
		<u>2,196</u>	<u>(4,345)</u>
Net current assets/(liabilities)			
		<u>58,592</u>	<u>46,271</u>
Total assets less current liabilities			
		<u>58,592</u>	<u>46,271</u>
Capital and reserves			
Called up share capital	17	5,000	5,000
Revaluation Reserve	18	6,055	1,043
Profit and loss account	18	47,537	40,228
		<u>58,592</u>	<u>46,271</u>
Shareholders' funds	18	<u>58,592</u>	<u>46,271</u>

A G Gormly CMG,CBE

Director



P E Selway-Swift

Director



11 March 2011

Group statement of cash flows

For the year ended 31 December 2010

	2010 £'000	2009 £'000
Net Cash inflow from operating activities		
Operating profit	6,230	7,031
Depreciation	601	586
Impairment	61	-
Grants released	(18)	(18)
(Gain) on sale of fixed assets	(10)	(17)
Defined benefit pension current service charge less contributions paid	(279)	(186)
(Increase)/decrease in stocks	(56)	19
Decrease in debtors	2,617	2,221
(Decrease)/increase in creditors	(400)	1,919
	<u>8,746</u>	<u>11,555</u>
Returns on investments and servicing of finance		
Interest received	438	526
Interest paid	-	(68)
Investment income	149	205
	<u>587</u>	<u>663</u>
Taxation		
Corporation tax paid	(2,360)	(4,636)
Overseas tax paid	(121)	(109)
	<u>(2,481)</u>	<u>(4,745)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(549)	(271)
Proceeds from sale of tangible fixed assets	41	58
Payments to acquire investments	(8,743)	(19,533)
Proceeds from sale of investments	7,576	8,368
Global Treasury deposits realised	-	2,198
New long term loans advanced	(31)	-
Long term loans repayments received	291	420
	<u>(1,415)</u>	<u>(8,760)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	<u>5,437</u>	<u>(1,287)</u>
Management of liquid resources		
Payments to acquire short term deposits	(6,014)	-
	<u>(577)</u>	<u>(1287)</u>
Decrease in cash	<u>(577)</u>	<u>(1287)</u>

Group statement of cash flows

For the year ended 31 December 2010

	2010 £'000	2009 £'000
<i>Analysis of changes in net funds</i>		
Cash at bank and in hand		
At beginning of year	13,599	14,886
Cashflows	(577)	(1,287)
At end of year	<u>13,022</u>	<u>13,599</u>

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements of R&A Trust Company (No.1) Limited were approved for issue by the Board of Directors on 11 March 2011.

Consolidation

The group financial statements consolidate the financial statements of R&A Trust Company (No 1) Limited and all its subsidiary undertakings drawn up to 31 December 2010. No profit and loss account is presented for R&A Trust Company (No 1) Limited as permitted by Section 406 of the Companies Act 2006.

Revenue recognition

Revenue is recognised when services are provided or events take place during the year.

Fixed assets

Depreciation is provided to write down the assets by equal annual instalments over the term of their useful lives as follows:-

Land and buildings	20 to 25 years
Tenant's improvements	10 years
Plant and equipment	5 to 10 years
Research equipment	3 to 5 years
Furnishings and equipment	5 years
Computer equipment	3 years
Motor vehicles	4 years

Archive film is not depreciated and the asset is reviewed annually for impairment.

The cost used for the depreciation calculations is based on the original cost of the asset to the Royal and Ancient Golf Club of St Andrews plus the cost of subsequent purchases.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Grants

Grants receivable in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants payable are accounted for on an accruals basis so that they appear in the profit and loss account for the year to which the grant relates.

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Deferred tax (Continued)

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

Pensions

The group participates in The Royal & Ancient Golf Club of St Andrews 1993 Retirement Benefits Scheme which has two sections, a defined benefit section and a defined contribution section.

Defined benefit section

The defined benefit section applies to members in employment up to 31 December 2004. From 1 January 2005, this section was closed to new members and increases in pensionable salary are limited to 1% above inflation for existing members from 1 January 2006.

Pension assets are measured using market values. Pension liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the group's defined benefit pension section expected to arise from employee service in the period is charged to operating profit.

The expected return on the section's assets and the increase during the period in the present value of the section's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension surpluses, to the extent that they are considered recoverable, or deficits are recognised on the balance sheet net of related deferred tax.

Defined contribution section

The defined contribution section applies to new employees from 1 January 2005 and for members of the defined benefit section who receive promotion increases greater than 1% above inflation from 1 January 2006. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the section.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the date of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Investments

Listed investments are stated at their market value at the balance sheet date. Unlisted investments are stated at a directors' valuation. Any revaluation surplus or deficit, which is not permanent, is shown in the revaluation reserve in line with the long term nature of the investments held. The directors' valuation of unlisted hedge funds and private equity investments reflect the advice of the investment managers. Investments in subsidiaries are carried at cost less provision for permanent diminution in value.

2. Turnover

Turnover comprises the invoice value of sales by the group exclusive of VAT.

Notes to the financial statements

at 31 December 2010

3. Operating profit

This is stated after charging:	2010	2009
	£'000	£'000
Depreciation of owned fixed assets	601	586
Impairment	61	-
Auditors' remuneration - audit	27	25
- taxation	84	71
- other	6	6
Operating lease rentals - plant and machinery	4	5
- land and buildings	159	184
- motor vehicles	14	16
	<u> </u>	<u> </u>
And after crediting:		
Gain on sale of tangible fixed assets	10	17
Grants released	18	18
Foreign exchange gains	44	574
	<u> </u>	<u> </u>

4. Interest:

	2010	2009
	£'000	£'000
(a) Interest receivable		
Expected return on pension scheme assets (note 16)	942	702
Interest on pension scheme liabilities (note 16)	(885)	(622)
	<u>57</u>	<u>80</u>
Other interest	438	526
	<u>495</u>	<u>606</u>
	<u> </u>	<u> </u>
(b) Interest payable		
Interest payable	-	68
	<u> </u>	<u> </u>

5. Staff costs

	2010	2009
	£'000	£'000
Wages and salaries	3,738	3,487
Social security costs	387	354
Pension costs - defined benefit	948	508
- defined contribution	234	193
	<u>5,307</u>	<u>4,542</u>
	<u> </u>	<u> </u>

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

	2010	2009
	No.	No.
Administration	117	114
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2010

6. Tax on profit on ordinary activities

	2010 £'000	2009 £'000
a) The charge based on the profit for the year comprises:		
Current tax:		
UK corporation tax on profits of the year	1,843	2,126
Overseas taxation	121	109
Adjustments in respect of previous periods	(35)	(6)
	<u>1,929</u>	<u>2,229</u>
Deferred tax:		
Origination and reversal of timing differences	(83)	(65)
Relating to pension liability	94	74
	<u>11</u>	<u>9</u>
	<u>1,940</u>	<u>2,238</u>

b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower (2009 higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	7,086	7,740
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	<u>1,984</u>	<u>2,168</u>
Effect of:		
Disallowed expenses and non-taxable income	5	73
Depreciation in excess of capital allowances	33	20
Short term timing differences	36	38
Timing differences – pensions	(94)	(74)
Difference between book gain and capital gain	-	10
Adjustments in respect of previous periods	(35)	(6)
Current tax for the year	<u>1,929</u>	<u>2,229</u>

c) Factors that may affect future tax charges

No provision has been made for deferred taxation on gains recognised on revaluing investments to their market value. Such tax would become payable if the investments were sold. The total amount unprovided at the balance sheet date was £1,632,000.

7. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £7,629,000 (2009 - £3,473,000).

Notes to the financial statements

at 31 December 2010

8. Tangible fixed assets

Group

	<i>Land and buildings</i>	<i>Archive film</i>	<i>Plant and equipment</i>	<i>Furnishings and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost						
At beginning of year	761	122	2,263	844	438	4,428
Additions	-	-	330	117	102	549
Disposals	-	-	-	(6)	(79)	(85)
At end of year	761	122	2,593	955	461	4,892
Depreciation						
At beginning of year	186	-	1,136	668	159	2,149
Charge for year	55	-	342	99	105	601
Impairment	-	61	-	-	-	61
On disposals	-	-	-	-	(54)	(54)
At end of year	241	61	1,478	767	210	2,757
Net book value						
At 31 December 2010	520	61	1,115	188	251	2,135
At 31 December 2009	575	122	1,127	176	279	2,279

	<i>£'000</i>
Land and buildings comprises:-	
Freehold buildings	371
Tenant's improvements	390
	<u>761</u>

9. Investments

Group and Company

	<i>Listed</i>	<i>Unlisted</i>	<i>Global Treasury Funds</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2010	34,978	10,721	1	45,700
Additions	4,047	8,337	-	12,384
Disposals	(7,684)	-	-	(7,684)
Revaluations	4,171	841	-	5,012
Cash transferred to additions	(2,663)	(1,355)	-	(4,018)
Cash in transit	377	-	-	377
At 31 December 2010	33,226	18,544	1	51,771

The historic cost of investments at 31 December 2010 is £45,715,000 (2009 – £44,656,000).

Notes to the financial statements

at 31 December 2010

9. Investments

(Continued)

Company

	Listed	Unlisted	Global Treasury Funds	Subsidiary Undertakings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	34,978	10,721	1	1,500	47,200
Additions	4,047	8,337	-	-	12,384
Disposals	(7,684)	-	-	-	(7,684)
Revaluations	4,171	841	-	-	5,012
Cash transferred to additions	(2,663)	(1,355)	-	-	(4,018)
Cash in transit	377	-	-	-	377
At 31 December 2010	33,226	18,544	1	1,500	53,271

The historic cost of investments at 31 December 2010 is £47,215,000 (2009 – £46,156,000).

The subsidiary undertakings, each of which is wholly owned, are as follows:

Name of company	Country of registration	Nature of business
R&A Group Services Limited	Scotland	Financial, administrative and personnel services
R&A Championships Limited	Scotland	Organisation, management and promotion of Golf championships
R&A Rules Limited	Scotland	Governance of the rules of the game of golf and the provision of referees for golf championships.
R&A Nominees Limited	Scotland	Holding of securities in connection with loans granted for golf development

10. Long term loans

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
At beginning of year	3,416	3,880	3,416	3,880
Advanced	31	-	-	-
Repaid	(291)	(420)	(291)	(420)
Bad debt provision	-	(44)	-	(44)
	3,156	3,416	3,125	3,416

Loans are interest-free apart from a loan for £31,000 accruing interest at 3% per annum.

A loan of £1,000,000 was made in 1994 which is unsecured and repayable in annual tranches of £250,000 commencing on 1 July 2016.

A loan of £1,000,000 was made in 1998 which is secured and repayable in one tranche in December 2013.

All other loans, which are principally for the development and improvement of golf courses, are secured (if over £30,000) and repayable by equal annual instalments over a period ranging from five to ten years.

Instalments repayable within one year amount to £266,625 (2009 - £347,880).

Notes to the financial statements

at 31 December 2010

11. Stocks

Group

Stocks comprise finished goods and goods for resale

12. Debtors

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	7,063	8,331	-	-
Amounts owed by related party (note 21)	86	63	-	-
Payments in advance	1,197	1,986	-	-
Other debtors	151	325	31	47
Prepayments and accrued income	208	617	10	8
Deferred tax asset (note 14)	206	126	-	-
	<u>8,911</u>	<u>11,448</u>	<u>41</u>	<u>55</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	520	697	-	-
Amounts owed to group undertakings	-	-	16,437	16,495
Amounts owed to related party (note 21)	9	17	-	-
Deferred income	8,039	8,437	-	-
Taxation and social security	1,195	914	-	-
Other creditors	921	1,021	8	-
Accruals and deferred income	324	322	5	14
Corporation tax	897	1,449	99	108
	<u>11,905</u>	<u>12,857</u>	<u>16,549</u>	<u>16,617</u>

14. Deferred tax asset

	<i>Group</i>	<i>Group</i>
	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Accelerated capital allowances	17	(34)
Other timing differences	189	160
	<u>206</u>	<u>126</u>

15. Deferred grants

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
At beginning of year	192	210
Released during the year	(18)	(18)
	<u>174</u>	<u>192</u>

Notes to the financial statements

at 31 December 2010

16. Pension commitments

The group participates in The Royal & Ancient Golf Club of St Andrews 1993 Retirement Benefits Scheme. The defined benefit section of the pension scheme ("the section") requires contributions to be made to a separately administered fund.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 January 2010 as updated by the actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the section at 31 December 2010. The section assets are stated at their market value at 31 December 2010.

Under FRS17 the main assumptions used are:

	2010	2009	2008
Rate of salary increases	4.60%	4.70%	3.70%
Rate of increase in pensions in payment	3.60%	3.70%	2.70%
Rate of increase of pensions in deferment	3.60%	3.70%	2.70%
Discount rate	5.40%	5.70%	6.25%
Inflation assumption	3.60%	3.70%	2.70%

Change in benefit obligation

	2010 £'000	2009 £'000
Benefit obligation at 1 January 2010	15,229	9,735
Current service cost	716	508
Interest cost	885	622
Plan participants' contributions	115	115
Actuarial losses	593	4,327
Benefits paid	(116)	(78)
Benefit obligation at 31 December 2010	17,422	15,229

Analysis of defined benefit obligations

	2010 £'000	2009 £'000
Plans that are wholly or partly funded	17,422	15,229
Total	17,422	15,229

Change in scheme assets

	2010 £'000	2009 £'000
Fair value of plan assets at 1 January 2010	14,804	12,554
Expected return on plan assets	942	702
Actuarial gains	964	817
Employer contribution	995	694
Member contributions	115	115
Benefits paid	(116)	(78)
Fair value of plan assets at 31 December 2010	17,704	14,804

Notes to the financial statements

at 31 December 2010

16. Pensions

(continued)

	2010 £'000	2009 £'000
Funded status		
Defined benefit pension scheme surplus/(deficit)	282	(425)
Effect of deferred tax	(76)	119
Asset/(liability) in balance sheet	206	(306)
Components of pension cost		
	2010 £'000	2009 £'000
Current service cost	716	508
Interest cost	885	622
Expected return on plan assets	(942)	(702)
Total pension cost recognised in the Profit and Loss account	659	428
Actuarial (gains)/losses recognised	(371)	3,510
Deferred taxation	104	(983)
Total pension (gain)/cost recognised in the Statement of Total Recognised Gains and Losses	(267)	2,527
Cumulative amount of actuarial losses recognised	125	496
Scheme Assets		
	2010 £'000	2009 £'000
The weighted average asset allocation at the year-end was as follows:		
Equities	57%	55%
Bonds	43%	45%
	100%	100%

To develop the expected long term rate on assets assumption, the group considered the current level of expected returns on risk free investments (primarily government bonds), the historic level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.01% assumption as at 31 December 2010.

	2010 £'000	2009 £'000
Actual return on scheme assets	1,906	1,519

Notes to the financial statements

at 31 December 2010

16. Pensions

(continued)

Scheme Assets

	2010	2009
The weighted average assumptions used to determine benefit obligations:		
Discount rate	5.40%	5.70%
Rate of compensation increase	4.60%	4.70%
Inflation Rate	3.60%	3.70%

The weighted average assumptions used to determine net pension cost:

Discount rate	5.70%	6.25%
Expected long-term return on plan assets	6.22%	5.43%
Rate of compensation increase	4.70%	3.70%
Price inflation	3.70%	2.70%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 December 2010	
	Male	Female
Member age 65 (current life expectancy)	21.9	24.7
Member age 40 (life expectancy at age 65)	24.3	27.1

Five year history

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Benefit obligation at end of year	17,422	15,229	9,735	11,017	10,806
Fair value of plan assets at end of year	17,704	14,804	12,554	13,363	11,292
Surplus/(Deficit)	282	(425)	2,819	2,346	486
Difference between actual and expected return on scheme assets					
Amount (£'000)	964	817	(2,311)	384	(1)
Percentage of scheme assets	5%	6%	(18%)	3%	(0%)
Experience gains on scheme					
Amount (£'000)	297	24	80	94	80
Percentage of scheme liabilities	2%	0%	1%	1%	1%

Contributions

The group expects to contribute around £1,056,000 to its pension plan in 2011.

Notes to the financial statements

at 31 December 2010

17. Share capital

<i>Group and company</i>	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Authorised Ordinary shares of £1 each	5,000	5,000
Alotted, called up and fully paid Ordinary shares of £1 each	5,000	5,000

18. Reconciliation of shareholders' funds and movement on reserves

<i>Group</i>	<i>Share capital</i> <i>£'000</i>	<i>Revaluation Reserve</i> <i>£'000</i>	<i>Profit and loss account</i> <i>£'000</i>	<i>Total shareholders' funds</i> <i>£'000</i>
At beginning of year	5,000	1,043	57,113	63,156
Total recognised gains for the year	-	4,692	5,413	10,105
Revaluation reserve release on investment disposals	-	320	(320)	-
At end of year	5,000	6,055	62,206	73,261
<i>Company</i>				
At beginning of year	5,000	1,043	40,228	46,271
Total recognised gains for the year	-	4,692	7,629	12,321
Revaluation reserve release on investment disposals	-	320	(320)	-
At end of year	5,000	6,055	47,537	58,592

19. Future financial commitments

	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
As at 31 December 2010 the future commitments were:		
Grants promised, but not yet advanced	4,055	3,124
Interest free loans promised, but not yet advanced	100	100
Interest bearing loan promised, but not yet advanced	399	-
Capital Investments	897	1,121
	5,451	4,345
These commitments fall due for payment:		
Within one year	3,709	3,282
After more than one year	1,742	1,063
	5,451	4,345

Notes to the financial statements

at 31 December 2010

20. Lease commitments

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as follows:

	2010 £'000	2009 £'000
Plant and equipment:		
Leases expiring within one year	-	-
Leases expiring in two to five years	4	4
Land and buildings:		
Leases expiring within one year	-	-
Leases expiring in two to five years	-	-
Leases expiring after five years	159	159
Motor Vehicles:		
Leases expiring within one year	-	5
	<u>163</u>	<u>168</u>

21. Related party

In accordance with Accounting Standard FRS 8, Related Party Transactions, the following information is being disclosed:

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
The Royal and Ancient Golf Club of St Andrews				
Income	528	474	-	-
Expenditure	1,022	904	-	-
Debtors	86	63	-	-
Creditors	9	17	-	-

Income comprises charges to related parties for administration expenses.

Expenditure comprises property costs and administrative expenses.

22. Parent undertaking

The issued share capital of the company is held by Shepherd & Wedderburn (Nominees) Limited as nominee for the beneficial owners, The Royal and Ancient Golf Club of St Andrews.