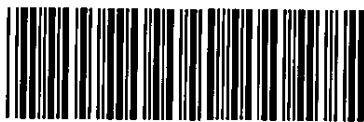


R&A Trust Company (No. 1) Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Directors

A G Gormly CMG, CBE
Prof W Sibbett CBE, FRS, FRSE
F K Andrews
G R Caldwell
I A T Donald
P W J Greenhough
R G Hanna
C J Hilton
K H Hodgkinson FCMA
A J Low
I M Marshall FRICS
J S McArthur FRICS, MAPM
N M S Rich CBE
K D Schofield CBE
P E Selway-Swift
N M Stephens

Secretary

M T Dobell

Auditors

Ernst & Young LLP
G1
5 George Square
Glasgow
G2 1DY

Bankers

HSBC Bank plc
82-84 High Street
Perth
PH1 5TH

The Royal Bank of Scotland plc
113 - 115 South Street
St Andrews
Fife
KY16 9QB

Solicitors

Shepherd & Wedderburn
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Registered Office

Beach House
9-11 Golf Place
St Andrews
Fife KY16 9JA

Directors' report

The directors submit their report and financial statements for the year ended 31 December 2011.

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 £3,809,000.

	2011 £'000	2010 £'000	Change %
Group turnover	52,370	51,548	1.6
Operating profit	5,622	6,230	(9.8)
Profit after tax	3,809	5,146	(26.0)
Shareholders' funds	75,307	73,261	2.8
Average number of employees	124	117	

The Group turnover increased by 1.6% during the year due to higher media rights relating to The Open Championship held at Royal St George's Golf Club. Operating profits fell by 9.8% as a result of increased costs of staging international matches and other championships, together with increased grants for golf development worldwide. Profit after taxation decreased by 26% which reflects investment losses of £685,000 charged to the Profit and Loss Account offset by lower taxation due to the reduced rate of corporation tax and lower underlying taxable profits. It is anticipated that the trading result for the group in 2012 will be at a similar level to 2011. During the year £17,845,000 was paid to acquire investments and £9,390,000 was received as proceeds from the sale of investments.

Financial Risk Management Policy

The group's principal financial instruments comprise investments, 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 group'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 group invests 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 group invests surplus cash in floating rate interest yielding bank deposit accounts. 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 £94,000 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. The group therefore has the risk of exposure to external credit risk in respect of third party receivables as well as cash deposits. 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 group 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 available on one day's notice.

Foreign currency risk

The group's principal transactions in foreign currency are denominated in U.S. dollars (see Accounting Policy on page 15 of the accounts). Therefore, the group'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.

Going Concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described above.

The group has considerable financial resources together with long term contracts with a number of customers and suppliers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' report

Directors and their interests

The directors of the company during the year were:

A G Gormly CMG, CBE	
Prof W Sibbett CBE, FRS, FRSE	(Appointed 21 September 2011)
F K Andrews	(Appointed 21 September 2011)
G R Caldwell	
I A T Donald	
C L A Edginton	(Resigned 21 September 2011)
P W J Greenhough	
R G Hanna	
C J Hilton	(Appointed 21 September 2011)
Air Chief Marshal Sir Patrick Hine GCB, GBE, FRAeS	(Resigned 21 September 2011)
K H Hodgkinson FCMA	
A W J Holmes	(Resigned 21 September 2011)
A J Low	(Appointed 21 September 2011)
I M Marshall FRICS	
R D Muckart BSc, FFA	(Resigned 21 September 2011)
J S McArthur FRICS, MPAM	
I R H Pattinson	(Resigned 21 September 2011)
N M S Rich CBE	(Appointed 21 September 2011)
K D Schofield CBE	
P E Selway-Swift	
N M Stephens	

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

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
9 March 2012

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 2011 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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
9 March 2012

Group profit and loss account

For the year ended 31 December 2011

	<i>Notes</i>	<i>2011 £'000</i>	<i>2010 £'000</i>
Turnover	2	52,370	51,548
Cost of sales		29,479	27,843
Gross profit		<u>22,891</u>	<u>23,705</u>
Administrative expenses		11,236	11,790
Grants payable		3,533	3,185
Charitable donation to The R&A Foundation		2,500	2,500
		<u>17,269</u>	<u>17,475</u>
Operating profit	3	5,622	6,230
(Loss)/Profit on disposal of fixed asset investments		(261)	212
Investment provision		(424)	-
Loan provision released	10	3	-
Interest receivable – pension interest	4	124	57
Interest receivable - other	4	263	438
Interest payable and similar charges	4	(3)	-
Investment income		208	149
Profit on ordinary activities before taxation		<u>5,532</u>	<u>7,086</u>
Tax on profit on ordinary activities	6	1,723	1,940
Profit for the financial year		<u>3,809</u>	<u>5,146</u>
		<i>2011 £'000</i>	<i>2010 £'000</i>
Note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		5,532	7,086
Recognition of investment revaluations of previous years of asset disposals		1,137	(320)
Historical cost profit on ordinary activities before taxation		<u>6,669</u>	<u>6,766</u>
Historical cost profit for the financial year		<u>4,946</u>	<u>4,826</u>

Group statement of total recognised gains and losses

For the year ended 31 December 2011

	<i>Notes</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Profit for the financial year		3,809	5,146
Revaluation of investments		(476)	4,692
Actuarial (loss)/gain net of tax	16	(1,287)	267
Total recognised gains and losses relating to the year	18	<u>2,046</u>	<u>10,105</u>

Group balance sheet

At 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	2,003	2,135
Investments	9	59,065	51,771
Long term loans	10	2,886	3,156
		<u>63,954</u>	<u>57,062</u>
Current assets			
Stocks	11	103	125
Debtors	12	9,501	8,911
Short term deposits		6,147	6,014
Cash at bank and in hand		7,117	13,022
		<u>22,868</u>	<u>28,072</u>
Creditors: amounts falling due within one year	13	10,593	11,905
Net current assets		<u>12,275</u>	<u>16,167</u>
Total assets less current liabilities		76,229	73,229
Accruals and deferred income			
Deferred grants	15	155	174
Net assets, excluding pension (liability)/asset		<u>76,074</u>	<u>73,055</u>
Pension (liability)/asset net of tax	16	(767)	206
Net assets, including pension (liability)/asset		<u>75,307</u>	<u>73,261</u>
Capital and reserves			
Called up share capital	17	5,000	5,000
Revaluation Reserve	18	4,442	6,055
Profit and loss account	18	65,865	62,206
Shareholders' funds	18	<u>75,307</u>	<u>73,261</u>

A G Gormly CMG, CBE

Director

P E Selway-Swift

Director

9 March 2012

Parent company balance sheet

At 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	9	60,565	53,271
Long term loans	10	2,792	3,125
		<u>63,357</u>	<u>56,396</u>
Current assets			
Debtors	12	39	41
Short term deposits		6,147	6,014
Cash at bank and in hand		4,898	12,690
		<u>11,084</u>	<u>18,745</u>
Creditors: amounts falling due within one year	13	9,685	16,549
		<u>1,399</u>	<u>2,196</u>
Net current assets			
		<u>64,756</u>	<u>58,592</u>
Total assets less current liabilities			
		<u>64,756</u>	<u>58,592</u>
Capital and reserves			
Called up share capital	17	5,000	5,000
Revaluation Reserve	18	4,442	6,055
Profit and loss account	18	55,314	47,537
		<u>64,756</u>	<u>58,592</u>
Shareholders' funds	18	64,756	58,592

A G Gormly CMG,CBE

Director

P E Selway-Swift

Director

9 March 2012

Group statement of cash flows

For the year ended 31 December 2011

	2011 £'000	2010 £'000
Net Cash inflow from operating activities		
Operating profit	5,622	6,230
Depreciation	604	601
Impairment	61	61
Grants released	(19)	(18)
Gain on sale of fixed assets	(27)	(10)
Defined benefit pension current service charge less contributions paid	(322)	(279)
Decrease/(increase) in stocks	22	(56)
(Increase)/decrease in debtors	(669)	2,617
Decrease in creditors	(1,211)	(400)
	<u>4,061</u>	<u>8,746</u>
Returns on investments and servicing of finance		
Interest received	263	438
Interest paid	(3)	-
Investment income	208	149
	<u>468</u>	<u>587</u>
Taxation		
Corporation tax paid	(1,477)	(2,360)
Overseas tax paid	(136)	(121)
	<u>(1,613)</u>	<u>(2,481)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(565)	(549)
Proceeds from sale of tangible fixed assets	59	41
Payments to acquire investments	(17,845)	(8,743)
Proceeds from sale of investments	9,390	7,576
New long term loans advanced	(63)	(31)
Long term loans repayments received	336	291
	<u>(8,688)</u>	<u>(1,415)</u>
Net cash (outflow)/inflow before management of liquid resources and financing	<u>(5,772)</u>	<u>5,437</u>
Management of liquid resources		
Payments to acquire short term deposits	(133)	(6,014)
Decrease in cash	<u>(5,905)</u>	<u>(577)</u>

Group statement of cash flows

For the year ended 31 December 2011

	2011 £'000	2010 £'000
<i>Analysis of changes in net funds</i>		
Cash at bank and in hand		
At beginning of year	13,022	13,599
Cashflows	(5,905)	(577)
At end of year	<u>7,117</u>	<u>13,022</u>

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by revaluation of investments and in accordance with applicable accounting standards. The financial statements of R&A Trust Company (No.1) Limited were approved by the Board of Directors on 9 March 2012.

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 2011. 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.

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 2011

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 2011

3. Operating profit

This is stated after charging:

	2011	2010
	£'000	£'000
Depreciation of owned fixed assets	604	601
Impairment	61	61
Auditors' remuneration - audit	28	27
- taxation	70	84
- other	6	6
Operating lease rentals - plant and machinery	4	4
- land and buildings	159	159
- motor vehicles	2	14
	<u> </u>	<u> </u>
And after crediting:		
Gain on sale of tangible fixed assets	27	10
Foreign exchange gains	145	44
	<u> </u>	<u> </u>

4. Interest:

	2011	2010
	£'000	£'000
(a) Interest receivable		
Expected return on pension scheme assets (note 16)	1,029	942
Interest on pension scheme liabilities (note 16)	(905)	(885)
	<u> </u>	<u> </u>
	124	57
Other interest	263	438
	<u> </u>	<u> </u>
	387	495
	<u> </u>	<u> </u>
(b) Interest payable		
Interest payable	3	-
	<u> </u>	<u> </u>

5. Staff costs

	2011	2010
	£'000	£'000
Wages and salaries	3,913	3,738
Social security costs	410	387
Pension costs - defined benefit	620	716
- defined contribution	255	234
	<u> </u>	<u> </u>
	5,198	5,075
	<u> </u>	<u> </u>

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

	2011	2010
	No.	No.
Administration	124	117
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2011

6. Tax on profit on ordinary activities

	2011 £'000	2010 £'000
a) The charge based on the profit for the year comprises:		
Current tax:		
UK corporation tax on profits of the year	1,433	1,843
Overseas taxation	136	121
Adjustments in respect of previous years	(57)	(35)
	<u>1,512</u>	<u>1,929</u>
Deferred tax:		
Origination and reversal of timing differences	79	(83)
Relating to pension liability	132	94
	<u>211</u>	<u>11</u>
	<u>1,723</u>	<u>1,940</u>

b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher (2010 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	5,532	7,086
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	<u>1,466</u>	<u>1,984</u>
Effect of:		
Disallowed expenses and non-taxable income	89	64
Depreciation in excess of capital allowances	9	33
Short term timing differences	(58)	36
Timing differences - pensions	(118)	(94)
Investment losses and provisions	181	(59)
Adjustments in respect of previous years	(57)	(35)
Current tax for the year	<u>1,512</u>	<u>1,929</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 £752,000.

In addition, no deferred tax asset is recognised in respect of the £771,000 tax effect of capital losses brought forward which provides an offset against the unprovided deferred tax on unrealised investment gains.

The Chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 26%, which was applied from 1 April 2011, to 23%, via a series of 1% annual reductions. The reduction in the corporation tax rate to 25% from 1 April 2012 was enacted on 19 July 2011.

Notes to the financial statements

at 31 December 2011

7. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £6,640,000 (2010 - £7,629,000).

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>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At beginning of year	761	122	2,593	955	461	4,892
Additions	-	-	211	167	187	565
Disposals	-	-	-	(10)	(146)	(156)
At end of year	761	122	2,804	1,112	502	5,301
Depreciation						
At beginning of year	241	61	1,478	767	210	2,757
Charge for year	56	-	335	101	112	604
Impairment	-	61	-	-	-	61
On disposals	-	-	-	(10)	(114)	(124)
At end of year	297	122	1,813	858	208	3,298
Net book value						
At 31 December 2011	464	-	991	254	294	2,003
At 31 December 2010	520	61	1,115	188	251	2,135
	£'000					
Land and buildings comprises:-						
Freehold buildings		371				
Tenant's improvements		390				
		761				

9. Investments

Group and Company

	<i>Listed</i>	<i>Unlisted</i>	<i>Global Treasury Funds</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
At 1 January 2011	33,226	18,544	1	51,771
Reclassification	4,914	(4,914)	-	-
Additions	10,143	7,702	-	17,845
Disposals	(5,619)	(4,031)	(1)	(9,651)
Revaluations	(516)	40	-	(476)
At 31 December 2011	42,148	17,341	-	59,489

Notes to the financial statements

at 31 December 2011

9. Investments

(continued)

	<i>Listed</i> £'000	<i>Unlisted</i> £'000	<i>Global Treasury Funds</i> £'000	<i>Total</i> £'000
Provision for permanent diminution in value	424	-	-	424
At 31 December 2011	424	-	-	424
Net book value at 31 December 2011	41,724	17,341	-	59,065
Net book value at 1 January 2011	33,226	18,544	1	51,771

The historic cost of investments at 31 December 2011 is £54,949,000 (2010 – £45,715,000)

Company

	<i>Listed</i> £'000	<i>Unlisted</i> £'000	<i>Global Treasury Funds</i> £'000	<i>Subsidiary Undertakings</i> £'000	<i>Total</i> £'000
At 1 January 2011	33,226	18,544	1	1,500	53,271
Reclassification	4,914	(4,914)	-	-	-
Additions	10,143	7,702	-	-	17,845
Disposals	(5,619)	(4,031)	(1)	-	(9,651)
Revaluations	(516)	40	-	-	(476)
At 31 December 2011	42,148	17,341	-	1,500	60,989
Provision for permanent diminution in value	424	-	-	-	424
At 31 December 2011	424	-	-	-	424
Net book value at 31 December 2011	41,724	17,341	-	1,500	60,565
Net book value at 1 January 2011	33,226	18,544	1	1,500	53,271

The historic cost of investments at 31 December 2011 is £56,449,000 (2010 – £47,215,000).

Investments categorised as Listed are held in Pooled Investment Vehicles whose underlying investments are predominantly assets with quoted prices in active markets but may also include a proportion of assets or liabilities for which prices have been derived via directly or indirectly observable market data.

Notes to the financial statements

at 31 December 2011

9. Investments

(continued)

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

<i>Name of company</i>	<i>Country of registration</i>	<i>Nature of business</i>
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

	<i>Group 2011 £'000</i>	<i>Group 2010 £'000</i>	<i>Company 2011 £'000</i>	<i>Company 2010 £'000</i>
At beginning of year	3,156	3,416	3,125	3,416
Advanced	63	31	-	-
Repaid	(336)	(291)	(336)	(291)
Provision released	3	-	3	-
	<u>2,886</u>	<u>3,156</u>	<u>2,792</u>	<u>3,125</u>

Loans are interest-free apart from a loan for £94,000 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 £211,595 (2010 - £266,625).

11. Stocks

Group

Stocks comprise finished goods and goods for resale

12. Debtors

	<i>Group 2011 £'000</i>	<i>Group 2010 £'000</i>	<i>Company 2011 £'000</i>	<i>Company 2010 £'000</i>
Trade debtors	7,266	7,063	-	-
Amounts owed by related party (note 21)	90	86	-	-
Payments in advance	1,060	1,197	-	-
Other debtors	702	151	28	31
Prepayments and accrued income	256	208	11	10
Deferred tax asset (note 14)	127	206	-	-
	<u>9,501</u>	<u>8,911</u>	<u>39</u>	<u>41</u>

Notes to the financial statements

at 31 December 2011

13. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	1,170	520	-	-
Amounts owed to group undertakings	-	-	9,603	16,437
Amounts owed to related party (note 21)	55	9	-	-
Deferred income	6,531	8,039	-	-
Taxation and social security	1,070	1,195	-	-
Other creditors	512	921	6	8
Accruals and deferred income	459	324	-	5
Corporation tax	796	897	76	99
	<u>10,593</u>	<u>11,905</u>	<u>9,685</u>	<u>16,549</u>

14. Deferred tax asset

	<i>Group</i>	<i>Group</i>
	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
Accelerated capital allowances	7	17
Other timing differences	120	189
	<u>127</u>	<u>206</u>

15. Deferred grants

	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
At beginning of year	174	192
Released during the year	(19)	(18)
	<u>155</u>	<u>174</u>

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 2011. The section assets are stated at their market value at 31 December 2011.

Under FRS17 the main assumptions used are:

	<i>2011</i>	<i>2010</i>	<i>2009</i>
Rate of salary increases	4.10%	4.60%	4.70%
Rate of increase in pensions in payment	3.10%	3.60%	3.70%
Rate of increase of pensions in deferment	3.10%	3.60%	3.70%
Discount rate	4.70%	5.40%	5.70%
Inflation assumption	3.10%	3.60%	3.70%

Notes to the financial statements

at 31 December 2011

16. Pension commitments

(continued)

Change in benefit obligation

	2011 £'000	2010 £'000
Benefit obligation at 1 January 2011	17,422	15,229
Current service cost	603	716
Interest cost	905	885
Plan participants' contributions	95	115
Past service cost	17	-
Actuarial losses	1,114	593
Benefits transferred out and paid	(1,995)	(116)
Benefit obligation at 31 December 2011	18,161	17,422

Analysis of defined benefit obligations

	2011 £'000	2010 £'000
Plans that are wholly or partly funded	18,161	17,422
Total	18,161	17,422

Change in scheme assets

	2011 £'000	2010 £'000
Fair value of plan assets at 1 January 2011	17,704	14,804
Expected return on plan assets	1,029	942
Actuarial (losses)/gains	(637)	964
Employer contribution	942	995
Member contributions	95	115
Benefits paid	(1,995)	(116)
Fair value of plan assets at 31 December 2011	17,138	17,704

Funded status

	2011 £'000	2010 £'000
Defined benefit pension scheme (deficit)/ surplus	(1,023)	282
Effect of deferred taxation	256	(76)
(Liability)/asset in Balance Sheet	(767)	206

Notes to the financial statements

at 31 December 2011

16. Pension commitments

(continued)

Components of pension cost

	2011 £'000	2010 £'000
Current service cost	603	716
Interest cost	905	885
Expected return on plan assets	(1,029)	(942)
Past service costs	17	-
Total pension cost recognised in the Profit and Loss account	496	659
Actuarial losses/(gains) recognised	1,751	(371)
Deferred taxation	(464)	104
Total pension cost/(gain) recognised in the Statement of Total Recognised Gains and Losses	1,287	(267)
Cumulative amount of actuarial losses recognised before deferred taxation	1,876	125

Scheme Assets

	2011 £'000	2010 £'000
The weighted average asset allocation at the year-end was as follows:		
Equities	58%	57%
Corporate bonds	13%	11%
Gilts	29%	32%
	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 5.09% assumption as at 31 December 2011.

	2011 £'000	2010 £'000
Actual return on scheme assets	392	1,906

Notes to the financial statements

at 31 December 2011

16. Pension commitments

(continued)

	2011	2010
The weighted average assumptions used to determine benefit obligations:		
Discount rate	4.70%	5.40%
Rate of compensation increase	4.10%	4.60%
Inflation Rate	3.10%	3.60%

The weighted average assumptions used to determine net pension cost:

Discount rate	5.40%	5.70%
Expected long-term return on plan assets	6.01%	6.22%
Rate of compensation increase	4.60%	4.70%
Price inflation	3.60%	3.70%

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

31 December 2011

	Male	Female
Member age 65 (current life expectancy)	22.0	24.8
Member age 40 (life expectancy at age 65)	24.4	27.2

Five year history

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Benefit obligation at end of year	18,161	17,422	15,229	9,735	11,017
Fair value of plan assets at end of year	17,138	17,704	14,804	12,554	13,363
(Deficit)/surplus	(1,023)	282	(425)	2,819	2,346
Difference between actual and expected return on scheme assets					
Amount (£'000)	(637)	964	817	(2,311)	384
Percentage of scheme assets	(4%)	5%	6%	(18%)	3%
Experience (losses)/gains on scheme liabilities					
Amount (£'000)	(184)	297	24	80	94
Percentage of scheme liabilities	(1%)	2%	0%	1%	1%

Contributions

The group expects to contribute around £914,000 to its pension plan in 2012.

Notes to the financial statements

at 31 December 2011

17. Share capital

<i>Group and company</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Authorised		
Ordinary shares of £1 each	5,000	5,000
Allotted, 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	6,055	62,206	73,261
Total recognised gains for the year	-	(476)	2,522	2,046
Revaluation reserve release on investment disposals	-	(1,137)	1,137	-
At end of year	5,000	4,442	65,865	75,307
<i>Company</i>				
At beginning of year	5,000	6,055	47,537	58,592
Total recognised gains for the year	-	(476)	6,640	6,164
Revaluation reserve release on investment disposals	-	(1,137)	1,137	-
At end of year	5,000	4,442	55,314	64,756

19. Future financial commitments

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
As at 31 December the future commitments were:		
Grants promised, but not yet advanced	3,004	4,055
Interest free loans promised, but not yet advanced	-	100
Interest bearing loan promised, but not yet advanced	336	399
Capital investments	736	897
Capital expenditure	495	-
	4,571	5,451
These commitments fall due for payment:		
Within one year	3,571	3,709
After more than one year	1,000	1,742
	4,571	5,451

Notes to the financial statements

at 31 December 2011

20. Lease commitments

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

	2011 £'000	2010 £'000
Plant and equipment:		
Leases expiring within one year	4	-
Leases expiring in two to five years	-	4
Land and buildings:		
Leases expiring after five years	159	159
	<u>163</u>	<u>163</u>

21. Related party

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

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
The Royal and Ancient Golf Club of St Andrews				
Income	573	528	-	-
Expenditure	900	1,022	-	-
Debtors	90	86	-	-
Creditors	55	9	-	-

Income comprises charges to related parties for administration expenses.

Expenditure comprises property costs and administrative expenses.

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with its wholly owned subsidiaries.

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.