

**PGA EUROPEAN TOUR  
AND ITS SUBSIDIARY UNDERTAKINGS**

**Registered number: 01867610**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



## **PGA EUROPEAN TOUR**

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## **PGA EUROPEAN TOUR**

### **COMPANY INFORMATION**

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

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019.

**Headlines**

- 2019 was a good year with strong revenue growth (excluding Ryder Cup) and record prize funds maintained; cash balances remain robust
  - New Race to Dubai Champion in Spain's Jon Rahm.
  - Prize funds across the season of \$130m in 2019 driven by 8 world-class Rolex Series events.
  - £7.4m increase in revenue in 2019 (excluding Ryder Cup companies) to £268.0m.
  - EBITDA in-line with budget and 2017 levels.
  - Group cash highly robust with 2019 closing balance of £24.7m.
- 2020 has seen significant market disruption but cash remains strong
  - Business model flexible and costs reduced to ensure retain strong cash balances (November 2020 balance significantly in excess of the closing 2019 position).
  - Acquired a £30m CBILS facility purely as a contingency.
  - Actions taken to return to growth and weather the uncertainty and volatility of 2020 onwards.

**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 including past and present playing members and by a Tournament Committee comprising a maximum of 15 current players. In addition, there is one shadow director who works with the Board to advise in areas where their expertise and experience are relevant.

The European Tour is global and in 2019 featured 47 tournaments in 31 countries, including 8 Rolex Series events, all part of the Race to Dubai.

Celebrating the global connectivity of the European Tour and Dubai, the Race to Dubai is a season-long competition to crown the European Tour's Number One player, an honour which, in 2019, went to Spain's Jon Rahm for the first time and, which since 2009, has also been achieved three times by Rory McIlroy, twice by Henrik Stenson, as well as by Lee Westwood, Francesco Molinari, Martin Kaymer and Luke Donald. Formerly known as the Order of Merit, points are accumulated based on prize money won, with the top five ranked players at the end of the season sharing a \$5million Race to Dubai bonus pool.

The Company also manages the Challenge Tour, which featured 25 tournaments in 16 countries in 2019, and the Staysure Tour (rebranded as Legends Tour in 2020), which featured 19 tournaments in 13 countries in 2019. It is also the Managing Partner of Ryder Cup Europe LLP, the body which, alongside the PGA of America, administers golf's greatest team contest, The Ryder Cup.

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

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

*Review of the Year*

2019 was another excellent year for the European Tour with prize funds of \$130m (excluding Majors and the World Golf Championships) and 4,172 Main Tour playing opportunities, both exceeding targets.

The Company also invested in a range of strategic measures during 2019 to position itself for long-term growth, including the introduction of inclusivity initiatives such as the integration of Golfers with Disability into our tournaments and leading the way in the integration of men and women professionals in the same tournaments. It also refurbished its Headquarters in Wentworth, refreshed its brand imagery, continued its digital transformation through the launch of new digital platforms and made significant investment in content production particularly with regard to the live world feed.

*Revenue and Profit Review*

As a result of these initiatives Group turnover including Ryder Cup companies for the year ended 31 December 2019 was £271,352,000 (2018: £337,678,000). Revenues for the Group excluding Ryder Cup companies for the year was £268,044,000 (2018: £260,631,000) an increase of £7.4m.

	2019 £'000	2018 £'000	2017 £'000
<b>Ryder Cup companies</b>	3,308	77,047	3,504
<b>Other</b>	268,044	260,631	207,419
Group and share of joint ventures' turnover	271,352	337,678	210,923
Less: share of joint ventures' turnover	(509)	(427)	(43,167)
<b>Group Turnover</b>	<b>270,843</b>	<b>337,251</b>	<b>167,756</b>

Group EBITDA in 2019 was in line with budget expectations and 2017 (previous non-Ryder Cup year) performance at a loss of £10,815,000. Of this loss £7,023,000 was driven by Ryder Cup companies and the balance of £3,792,000 was attributable to the other members of the Group, the Company and PGA European Tour Productions Limited ("ETP").

	2019 £'000	2018 £'000	2017 £'000
<b>EBITDA Non-Ryder Cup Companies</b>	(3,792)	5,221	(4,705)
<b>EBITDA Ryder Cup Companies</b>	(7,023)	15,654	(5,773)
<b>EBITDA Group</b>	<b>(10,815)</b>	<b>20,875</b>	<b>(10,478)</b>
Depreciation and Amortisation	(10,135)	(9,541)	(614)
Share of (loss)/profit of joint venture	(17)	171	665
<b>Operating (loss)/profit</b>	<b>(20,967)</b>	<b>11,505</b>	<b>(10,427)</b>
<b>Group cash at bank and in hand</b>	<b>24,713</b>	<b>22,688</b>	<b>24,623</b>

*Balance Sheet and Cash Review*

Following the full consolidation of ETP into the Group in 2017 the assets of the Group have increased by £120m due to the creation of a new intangible asset. This has also led to an increase in annual, non-cash, depreciation and amortisation charge. In 2019 this amounted to £10,135,000 leading to an overall Group loss on ordinary activities after taxation of £16,062,000 (2018: profit of £10,280,000). The loss attributable to the Parent Company, which excludes the share of Ryder Cup profits owned by third parties, amounted to £13,251,000 (2018: profit of £4,259,000) which is in line with projections for the last year in one Ryder Cup cycle and the first year in the next.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

*Balance Sheet and Cash Review - continued*

Although the significant increase in revenue during 2019 would allow the Company to generate profit the Board chose to invest incremental income into prize funds and events in order to return value to its members, the players on the European Tour. The Company's Articles prohibit the distribution of its reserves so by investing in prize funds the Company is maximising returns to its members (see analysis in KPIs on page 5). As per the 2015-2018 cycle, the Group aims to be profit neutral over the next 5 year cycle ending in the 2023 home Ryder Cup match in Italy.

The Group continues to have a strong cash position with the cash balance increasing in 2019 by c.9% on the previous year. As at the end of 2019 the Group (including Ryder Cup) had cash balances of £24,713,000 (2018: £22,688,000). These cash reserves will continue to be used to finance the Group's day to day operations and to further invest in the expansion of the Group's operations, the development of prize funds (see KPI table on page 5) and the advancement of a robust sustainable business model.

The Ryder Cup cash balances were strengthened considerably during 2019 with the announcement of Adare Manor, Ireland as the host venue of the 2027 Ryder Cup. This led to a closing cash balance in Ryder Cup Europe of c.£17.8m in 2019 (c.£7m in 2018).

**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 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.

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 European Tour is exposed to;
- The European Tour declines in popularity versus its competitors in golf and the wider sports market;
- 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 European Tour's schedules, or the Company's members or staff; and
- The Covid-19 pandemic does not allow our international portfolio of events to be played and impacts core income streams (please note this is dealt with further on page 7).

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

**Financial risk management**

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

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

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Financial risk management - continued**

The market risk facing the entity is primarily currency risk. The Group is exposed to transaction foreign exchange risk some of which cannot, in practice, be mitigated. Where the risk is substantial and can be reliably estimated, transaction exposures, including those associated with forecast transactions, are hedged. This is principally achieved using forward currency contracts when a natural hedge is not available. Details of financial instruments entered into are included in notes 20 and 22.

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

**Key Performance Indicators**

*Summary of key performance indicators ("KPIs")*

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

- Prize fund payable to the members; and
- Profit/loss on ordinary activities before taxation.

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

- Playing opportunities; and
- Stakeholder satisfaction – to include members, fans, sponsors, media partners and promoters.

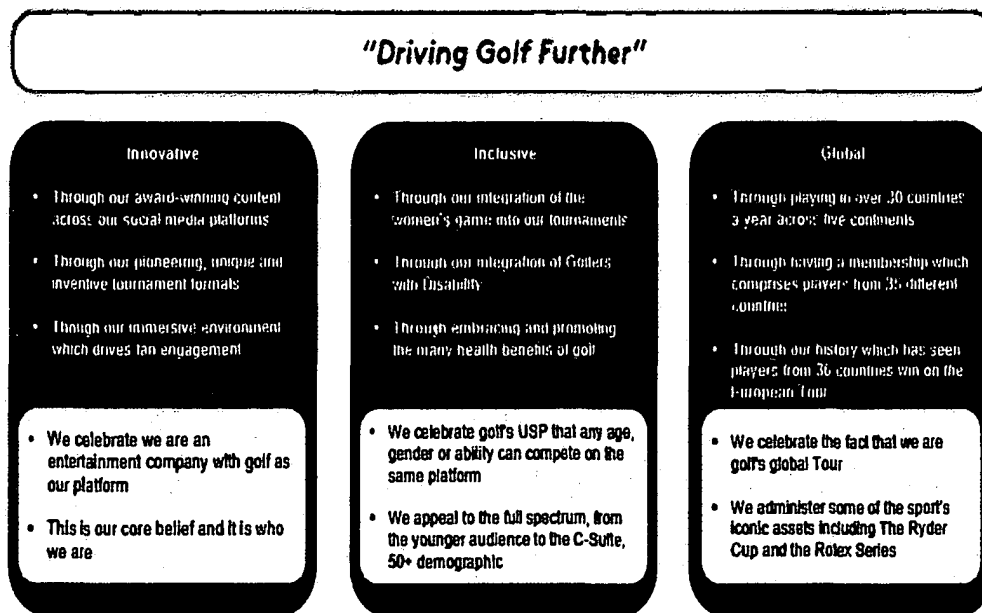
The Group delivered against those KPIs for 2019 as per the table below (n.b. profitability dealt with elsewhere in the Strategic Report).

	Target	Results	Target	Results
	2018	2018	2019	2019
Prize fund	\$129m	\$130m	\$129m	\$130m
Main Tour Playing Opportunities	4083	4238	4083	4172
Stakeholder Satisfaction	8.0	8.4	8.0	8.6

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Strategy review**

The Group refreshed its vision in 2019 under the statement of "Driving Golf Further". As part of this strategy there are 3 central themes:



**Future developments for the Group**

*Looking to the Future*

- With the established Rolex Series and the benefit of a 100% shareholding in the European Tour's media arm delivering incremental profit the outlook for the Group is, structurally, very strong.
- 2020 has, however, seen significant market disruption and event cancellations as a result of the Covid-19 pandemic. The European Tour, as a global tour operating in such a wide range of territories, has seen significant disruption to the schedule with c.30 events cancelled or re-arranged and an impact on revenues from media partners, sponsors and consumer income.
- The Group has also seen the postponement of the US based Ryder Cup Match from 2020 to 2021. Although this causes some operational and logistical challenges it is not anticipated to provide any additional cash challenges to the Group.
- The Group is fortunate to have long-term contracts with major corporate clients and is less exposed to the downturn in consumer income streams than other sports rightsholders. However, notwithstanding that fact, the European Tour has taken strong action to ensure that it is well positioned to weather the Covid-19 storm and return to growth during this cycle.



**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Future developments for the Group - continued**

*Reaction to Covid-19 Pandemic*

As a result of the Covid-19 pandemic the Board has taken the following actions:

- Forecast a reduction in revenue vs plan for 2020-2023 to ensure the Group can manage the business at the levels of the "new normal" with a guiding assumption that the European Tour is not fully back to steady state until 2023;
- Working closely with long-term corporate partners in Media (Sky, Golf Channel, Discovery, Viasat, Canal+) and Sponsorship (Rolex, DP World, BMW) who represent a large part of the Tour's income to provide alternative sources of value during the disruption;
- A fundamental review of the cost base resulting in both a significant reduction in third party cost and a shift from fixed to variable cost to provide greater flexibility in the business model;
- A headcount review, cancellation of 2019 bonus payments and a voluntary salary reduction by members of the senior executive team;
- Acquiring a financing facility of £30m through Barclays Bank and the CBILS to provide additional financial headroom in the event of prolonged market uncertainty;
- A daily focus on cash management to ensure the Group is forensically managing its reserves;
- Taking advantage of the government furlough scheme during the April 2020 – August 2020 period when no tournaments were able to be played; and
- Close collaboration with Governments and Health Authorities on tournaments – this has involved arranging or rescheduling 23 events in the second half of 2020. As part of this exercise the European Tour implemented a comprehensive testing regime at every event with over 10,000 tests conducted.

*2020 Onwards*

- The actions that have been taken position the Group well to return to growth and weather the uncertainty and volatility of 2020 onwards; and
- The Board remains optimistic about the opportunity to drive growth in the business through increasing the core income streams as well as developing more nascent income streams, in particular consumer focused income streams such as gaming and data.

**Budgeting cycle**

*2019-2023 extended cycle*

The financial planning for the Group is typically carried out over four-year cycles, however with the rescheduling of Ryder Cup tournaments from 2020 and 2022 into 2021 and 2023 respectively this cycle will now extend over a 5-year period. 2019 marks the start of the new cycle which includes the away Ryder Cup in 2021 in Whistling Straits and which will finish with the home Ryder Cup in Rome in 2023.

This report was approved by the Board and signed by its order by:



**B Bye**

Secretary Date: 19 November 2020

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019.

**Principal activities**

The PGA European Tour Group operates a broad range of business initiatives essential to its primary mission of administering men's professional tournament golf. It is a unique business which generates income for the benefit of its members, the tournament players, who receive their returns by way of competing and winning prize money.

The Group operates the European Tour which is the primary men's golf tour in Europe and also comprises sanctioned tournaments in Australia, Asia, Africa and the Middle East. The Group operates three of the leading men's professional golf tours in these regions, namely the European Tour, the Challenge Tour and the Staysure Tour.

**Overseas branches**

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

**Results**

The Group loss for the financial year after taxation attributable to the parent Company amounted to £13,251,000 (2018: profit of £4,259,000), after charging £10,135,000 (2018: £9,541,000) 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 (appointed 10 November 2020)  
T Bjorn (appointed 23 March 2020)  
M Brass  
Sir D Buffini (resigned 2 December 2019)  
P Eales  
M Gilbert (appointed 23 March 2020)  
C L H Hanell  
D Jones  
R W Lee  
P McGinley  
E Nicoli (appointed 25 March 2019)  
M A Roe  
J af Rosenborg  
D J Russell  
O Sellberg  
J S Spence (resigned 9 September 2019)

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

**Directors' liabilities**

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

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Charitable donations**

Donations to charitable organisations during the year amounted to £1,059,215 (2018: £246,452). The Group actively seeks to support bodies engaged in the development of golf and also supports the European Tour Foundation which is the charitable foundation of the European Tour and its members.

**Audit and Risk Committee**

The Group's Independent auditors for the year ended 31 December 2019 were PricewaterhouseCoopers LLP. The Board has appointed an audit and risk committee comprising of two Board and/or shadow directors, at least one of whom is selected from the player representation of the Board of Directors.

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

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

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

The overall tasks and duties of the Committee are to:

- monitor the financial reporting process and the statutory audit of the financial statements;
- challenge where necessary the actions and judgements of the management with particular reference to compliance, critical accounting policies and practices, decisions requiring significant areas of judgement, possible impairments of the Group's assets, the clarity of disclosures, significant audit adjustments and the basis for the going concern assumption;
- review management's or external reports on the effectiveness of the Group's internal controls 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 4, 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 2019 were Jutta af Rosenberg (Audit & Risk Committee Chair), David Williams and Paul Eales.

**Remuneration Committee**

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

The members of this committee throughout 2019 were Ove Sellberg (Remuneration Committee Chair), David Russell, Christopher Hanell and Martha Brass. Except when specifically conflicted, the Chief Executive Officer and PGA European Tour Chairman are invited to participate at each meeting. Frances Merrylees who replaced Susan Gordon, as Chief People Officer during 2019, also advised the committee. The committee meet approximately six times per year. Remuneration consists of base salary and performance related pay, together with other benefits including contributions to a defined contribution pension scheme.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Remuneration Committee - continued**

Base salary is reviewed annually based on appropriate market comparisons taking into account individuals' responsibilities and experience. In 2019, all employees participated in an annual bonus scheme with the potential to receive additional compensation based on the achievement of corporate and personal KPIs. However a decision was made to cancel the payment of 2019 bonuses as part of a wider program of cost reductions following the Covid-19 pandemic.

A long-term incentive plan was also established from 2016 which rewards the executive leadership team for performance over the four-year budgeting cycle. This plan is linked to the achievement of the key performance indicators referred to within the strategic report. A new plan for 2019 – 2022 was approved by the Board in June 2019 but has subsequently been suspended following the Covid-19 pandemic.

**Nomination Committee**

The Board has appointed a nomination committee comprising of at least four members. A majority of the members shall be Tournament Committee Directors and at least one of the members shall be a Non-Executive Director. The committee 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 on 18th January 2019 for the purpose of discussing (a) the potential appointment to the PGAET Board of Eric Nicoli as a Non-Executive Director; and (b) the proposed invitation of Thomas Bjørn to attend the March and June 2019 Board meetings as an observer. The members of this committee in 2019 were David Jones, Rob Lee, Chris Hanell, Damon Buffini and David Williams. Also invited were Keith Pelley and Susan Gordon.

**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 Company 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's feedback, the section 172 matters as well as other factors they consider relevant to the Board discussions and decision-making.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Statement of engagement with stakeholders - continued**

The Group selects policies and designs and maintains 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.
- *Customers* – the Group engages with customers including media partners such as Sky, Golf Channel, Discovery, Viasat, Canal+ to provide world class golf content. The Group drafts contract terms and conditions which reflect industry norms and standards and are formalized 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.
- *Employees* – the Group takes active steps to engage with employees to communicate and discuss Group performance and strategy and individual performance. These 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.
- *Partners* – the Group worked very closely with Key Commercial Partners in 2019 of Rolex, BMW, Callaway, DP World, Dubai Duty Free, Emirates, Hilton and Workday to deliver exceptional commercial opportunities for all parties.

Further details of feedback collected from stakeholders are reported in the Strategic report on pages 6 including the Groups new global vision statement "Driving Golf Further".

**Directors' responsibilities statement**

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

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

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

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

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

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Directors' confirmations**

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

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

**Post balance sheet events**

During 2020 the Group has been impacted by the Covid-19 Pandemic and subsequent suspension of sporting events. Details of plans and critical strategic decisions made by the Board as a reaction to this are summarised in the strategic report on pages 2 to 7.

A dividend was declared by PGA European Tour Productions Limited on 7<sup>th</sup> September 2020 for £25,766k. Had this been declared prior to 31 December 2019 the shareholders fund in the Company would have been £6,541k.

**Independent auditors**

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

This report was approved by the Board and signed by its order by:



**B Bye**  
Secretary Date: 19 November 2020

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

### **Report on the audit of the financial statements**

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#### **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 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2019; 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.

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#### **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.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

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

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#### **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.

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

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

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

### ***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 2019 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.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditors' responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Sam Taylor (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

19 November 2020



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

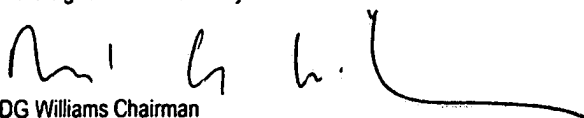
	Note	2019 £'000	2018 £'000
<b>Turnover</b>			
Group and share of joint ventures' turnover		271,352	337,678
Less: share of joint ventures' turnover		(509)	(427)
<b>Group turnover</b>	4	270,843	337,251
Administrative expenses	5	(281,658)	(316,376)
Depreciation and amortisation		(10,135)	(9,541)
Share of (loss)/profit of joint venture		(17)	171
<b>Operating (loss)/profit</b>	6	(20,967)	11,505
Interest receivable and similar income	10	128	107
Interest payable and similar expenses	11	(12)	-
<b>(Loss)/profit before taxation</b>		(20,851)	11,612
Tax on (loss)/profit	12	4,789	(1,332)
<b>(Loss)/profit for the financial year</b>		(16,062)	10,280
Fair value movement on derivative		1,635	(901)
Currency translation differences		64	(19)
<b>Other comprehensive income/(expense) for the financial year</b>		1,699	(920)
<b>Total comprehensive (expense)/income for the financial year</b>		(14,363)	9,360
<b>(Loss)/profit for the financial year attributable to:</b>			
Non-controlling interests		(2,811)	6,021
Owners of the parent Company		(13,251)	4,259
		(16,062)	10,280
<b>Total comprehensive (expense)/income for the financial year attributable to:</b>			
Non-controlling interest		(2,811)	6,021
Owners of the parent Company		(11,552)	3,339
		(14,363)	9,360

The notes on pages 21 to 44 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

		2019	2018
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	13	153,113	162,748
Tangible assets	14	3,482	1,474
Investments	15	325	330
		<u>156,920</u>	<u>164,552</u>
<b>Current assets</b>			
Debtors	16	80,607	65,634
Cash at bank and in hand	17	24,713	22,688
		<u>105,320</u>	<u>88,322</u>
Creditors: amounts falling due within one year	18	(71,242)	(70,080)
<b>Net current assets</b>		<u>34,078</u>	<u>18,242</u>
<b>Total assets less current liabilities</b>		<u>190,998</u>	<u>182,794</u>
Creditors: amounts falling due after more than one year	19	(28,283)	-
<b>Provisions for liabilities</b>			
Deferred taxation	22	(42,241)	(46,310)
Provisions	23	(1,750)	(1,901)
<b>Net assets</b>		<u>118,724</u>	<u>134,583</u>
<b>Capital and reserves</b>			
Capital reserve	24	159	159
Other reserves	24	120,395	118,696
Profit and loss account (deficit)/surplus	24	(835)	13,912
<b>Equity attributable to owners of the parent Company</b>		<u>119,719</u>	<u>132,767</u>
Non-controlling interests		(995)	1,816
<b>Total shareholders' funds</b>		<u>118,724</u>	<u>134,583</u>

The financial statements on pages 15 to 44 were approved and authorised for issue by the Board and were signed on its behalf by:



DG Williams Chairman

Date: 19 November 2020

The notes on pages 21 to 44 form part of these financial statements.

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

**COMPANY BALANCE  
SHEET  
AS AT 31 DECEMBER  
2019**

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	13	1,826	1,949
Tangible assets	14	3,482	1,474
Investments	15	2,569	2,569
		<u>7,877</u>	<u>5,992</u>
<b>Current assets</b>			
Debtors	16	56,514	43,063
Cash at bank and in hand	17	2,332	6,754
		<u>58,846</u>	<u>49,817</u>
Creditors: amounts falling due within one year	18	(84,198)	(56,464)
<b>Net current assets</b>		<u>(25,352)</u>	<u>(6,647)</u>
<b>Total assets less current liabilities</b>		<u>(17,475)</u>	<u>(655)</u>
<b>Provisions for liabilities</b>			
Provisions	23	(1,750)	(1,901)
<b>Net assets</b>		<u>(19,225)</u>	<u>(2,556)</u>
<b>Capital and reserves</b>			
Capital reserve	24	183	183
Hedging reserve	24	583	(105)
Profit and loss account (deficit)/surplus brought forward	24	(2,634)	5,913
Profit and loss account for the financial year	24	(17,357)	(8,547)
<b>Profit and loss account surplus/(deficit) carried forward</b>		<u>(19,991)</u>	<u>(2,634)</u>
<b>Total shareholders' funds</b>		<u>(19,225)</u>	<u>(2,556)</u>

The financial statements on pages 15 to 44 were approved and authorised for issue by the Board and were signed on its behalf by:

  
DG Williams Chairman

Date: 19 November 2020

The notes on pages 21 to 44 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Capital reserve £'000	Other reserves £'000	(Deficit)/ surplus £'000	Equity attributable to owners of the parent company £'000	Non- controlling interests £'000	Total shareholders' funds £'000
<b>At 1 January 2018</b>	<b>159</b>	<b>119,695</b>	<b>9,653</b>	<b>129,507</b>	<b>(4,205)</b>	<b>125,302</b>
Comprehensive income for the financial year:						
<b>Profit for the financial year</b>	<b>-</b>	<b>-</b>	<b>4,259</b>	<b>4,259</b>	<b>6,021</b>	<b>10,280</b>
Transfer to profit and loss account	-	(79)	-	(79)	-	(79)
Translation reserve	-	(19)	-	(19)	-	(19)
Fair value movement on derivatives	-	(901)	-	(901)	-	(901)
<b>Other comprehensive expense for the financial year</b>	<b>-</b>	<b>(999)</b>	<b>-</b>	<b>(999)</b>	<b>-</b>	<b>(999)</b>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>(999)</b>	<b>4,259</b>	<b>3,260</b>	<b>6,021</b>	<b>9,281</b>
<b>At 31 December 2018 and 1 January 2019</b>	<b>159</b>	<b>118,696</b>	<b>13,912</b>	<b>132,767</b>	<b>1,816</b>	<b>134,583</b>
Comprehensive expense for the financial year:						
<b>(Loss) for the financial year</b>	<b>-</b>	<b>-</b>	<b>(13,251)</b>	<b>(13,251)</b>	<b>(2,811)</b>	<b>(16,062)</b>
Translation reserve	-	64	-	64	-	64
Fair value movement on derivatives	-	1,635	-	1,635	-	1,635
<b>Other comprehensive income for the financial year</b>	<b>-</b>	<b>1,699</b>	<b>-</b>	<b>1,699</b>	<b>-</b>	<b>1,699</b>
<b>Total comprehensive expense for the financial year</b>	<b>-</b>	<b>1,699</b>	<b>(13,251)</b>	<b>(11,552)</b>	<b>(2,811)</b>	<b>(14,363)</b>
Contributions by and distributions to owners:						
Dividends: Equity capital	-	-	(1,496)	(1,496)	-	(1,496)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(1,496)</b>	<b>(1,496)</b>	<b>-</b>	<b>(1,496)</b>
<b>At 31 December 2019</b>	<b>159</b>	<b>120,395</b>	<b>(835)</b>	<b>119,719</b>	<b>(995)</b>	<b>118,724</b>

The notes on pages 21 to 44 form part of these financial statement.

**COMPANY STATEMENT OF CHANGES IN EQUITY FOR  
THE YEAR ENDED 31 DECEMBER 2019**

	<b>Capital reserve £'000</b>	<b>Hedging reserve £'000</b>	<b>Surplus/(deficit) £'000</b>	<b>Total shareholders' funds/(deficit) £'000</b>
<b>At 1 January 2018</b>	<b>183</b>	<b>79</b>	<b>5,913</b>	<b>6,175</b>
Comprehensive income for the financial year:				
<b>(Loss) for the financial year</b>	-	-	<b>(8,547)</b>	<b>(8,547)</b>
Transfer to profit and loss account	-	(79)	-	(79)
Fair value movement on derivatives	-	(105)	-	(105)
<b>Other comprehensive expense for the financial year</b>	-	<b>(184)</b>	-	<b>(184)</b>
Total comprehensive income for the financial year	-	(184)	(8,547)	(8,731)
<b>At 31 December 2018 and 1 January 2019</b>	<b>183</b>	<b>(105)</b>	<b>(2,634)</b>	<b>(2,556)</b>
Comprehensive income for the financial year:				
<b>(Loss) for the financial year</b>	-	-	<b>(17,357)</b>	<b>(17,357)</b>
Fair value movement on derivatives	-	688	-	688
<b>Other comprehensive income for the financial year</b>	-	<b>688</b>	-	<b>688</b>
<b>Total comprehensive expense for the financial year</b>	-	<b>688</b>	<b>(17,357)</b>	<b>(16,669)</b>
<b>At 31 December 2019</b>	<b>183</b>	<b>583</b>	<b>(19,991)</b>	<b>(19,225)</b>

The notes on pages 21 to 44 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£'000	£'000
<b>Cash flows from operating activities:</b>		
<b>(Loss)/profit for the financial year</b>	<b>(16,062)</b>	<b>10,280</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	9,597	9,163
Depreciation of tangible assets	538	397
Impairments of intangible assets	1,142	-
Loss on disposal of tangible assets	50	-
Interest paid	12	-
Interest received	(128)	(107)
Taxation charge	(4,789)	1,332
(Increase) in trade and other debtors	(13,372)	(20,569)
Increase/(decrease) in trade and other creditors	33,016	(326)
(Decrease) in provisions	(151)	-
Share of loss/(profit) in joint ventures	5	(171)
Corporation tax paid	(3,490)	(441)
Foreign exchange translation	737	(25)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,105</b>	<b>(467)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(1,104)	(944)
Purchase of tangible assets	(2,596)	(653)
Dividends/distributions paid to 3rd parties	(1,496)	-
<b>Net cash used in investing activities</b>	<b>(5,196)</b>	<b>(1,597)</b>
<b>Cashflows from financing activities</b>		
Interest received	128	107
Interest paid	(12)	-
<b>Net cash inflow from financing activities</b>	<b>116</b>	<b>107</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,025</b>	<b>(1,957)</b>
Cash and cash equivalents at beginning of financial year	22,688	24,623
Foreign exchange gains and losses	-	22
<b>Cash and cash equivalents at the end of financial year</b>	<b>24,713</b>	<b>22,688</b>
<b>Cash and cash equivalents at the end of financial year comprise:</b>		
Cash at bank and in hand	24,713	22,688

The notes on pages 21 to 44 form part of these financial statements.

Current asset investments are considered to be cash equivalents.

The accompanying accounting policies and notes form an integral part of these financial statements.  
The Company is a qualifying entity for the purpose of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company Statement of Cash Flows.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 Comprehensive Income in these financial statements. The parent Company's loss for the financial year was £17,357,000 (2018: £8,547,000) and the comprehensive expense including the derivative fair value movement for the year was £16,669,000 (2018: £8,731,000).

The parent Company has also adopted the following disclosure exemptions:

- the requirement to present a Statement of Cash Flows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks.

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

**2.2 Basis of consolidation**

The consolidated financial statements include those of the Company, its subsidiary undertakings, and joint ventures drawn up to 31 December 2019. All Group companies have a financial year end date of 31 December with the exception of EurAsia Cup SDN.BHD, a joint venture between PGA European Tour and the Asian Tour which has a financial year end date of 30 June. Acquisitions of subsidiaries are accounted for using the acquisition method. All intra-Group transactions and balances are eliminated on consolidation.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.3 Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 7 including the plans and critical strategic decisions made by the Board as a reaction to the Covid-19 pandemic. As a result of the pandemic the Board has taken a number of steps including restructuring the business and preparing new budgets and forecasts for 2020 through to 2023 when the Ryder Cup will return to Europe. In consultation with partners, government and health practitioners the Group has drafted several scenarios and projections including the impact of a reduced tournament schedule with limited spectators and hospitality guests. This, along with the successful application for bank funding of £30m under the CBLIS, lead the Board to conclude that there is sufficient headroom and confidence in future cash flow.

**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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.5 Turnover**

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

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

Income recognition policies for specific income streams are as follows:

**Prize money**

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

**Sanction fees**

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

**Sponsorship income**

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

**Television rights income**

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

**Television production income**

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

**Tournament staging income**

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

**Membership and entry fee income**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.5 Turnover (continued)**

**Ryder Cup Europe LLP income**

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

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

**2.6 Leases**

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

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

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

**2.7 Interest income**

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

**2.8 Finance costs**

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

**2.9 Employee benefits**

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

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

As detailed in note 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.10 Current and deferred taxation**

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

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

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

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

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

- the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.11 Intangible assets**

PGA European Tour's intangible assets consist of:

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.12 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

**2.13 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.

**2.14 Investments in subsidiaries**

The Group's investments in subsidiaries are listed in note 15.

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

The parent Company Balance Sheet shows investments in subsidiaries at cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.15 Associates and joint ventures**

The Group's investments in joint ventures and associates are listed in note 15.

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.*

**2.16 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.

**2.17 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.

**2.18 Creditors**

Short term creditors are measured at the transaction price.

**2.19 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 2019 and 2020 employees were entitled to carry forward unused annual leave under exceptional circumstances.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.20 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 2019**

**2. Accounting policies (continued)**

**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 19 have been designated as hedging instruments, with the exception of PGA European Tour Productions Limited.

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

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

**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 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 reassessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Income recognition**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**Provisions against debtors**

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

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

**Depreciation and amortisation rates**

The Group depreciates or 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 judgements and estimates in determining the provisions for income taxes, deferred tax assets and liabilities recognised in the consolidated financial statements. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. Details on the tax charge and assets and liabilities recorded are set out in note 12.

**Legal claims**

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

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

**Fair values on acquisition of PGA European Tour Productions Limited**

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

**True and fair value override**

The true and fair override is 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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.

	2019 £'000	2018 £'000
<b>Group and share of joint ventures' turnover</b>	<b>271,352</b>	<b>337,678</b>

Group and share of joint ventures' turnover in the year includes £3.3m relating to the Ryder Cup (2018: £77m)

**5. Administrative expenses**

	2019 £'000	2018 £'000
Tournament staging and development	172,159	203,359
Tour production	62,980	74,664
Other administrative expenses	46,519	38,353
	<b>281,658</b>	<b>316,376</b>

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

	2019 £'000	2018 £'000
Foreign exchange losses/(gains)	2,141	(2,886)
Provisions for doubtful debts	3,742	260
Impairment of intangible assets	1,142	-
Operating lease rentals	77	55
Loss on disposal of assets	50	-
Amortisation of intangible assets	9,597	9,043
Depreciation of tangible assets	538	397

**7. Auditors' remuneration**

	2019 £'000	2018 £'000
Fees payable to the Group's auditors for the audit of the Group's current year financial statements	95	82
<b>Fees payable to the Group's auditors in respect of:</b>		
Audit of the current year financial statements of subsidiaries	76	72
Taxation compliance services	42	45
All other services	55	2
	<b>173</b>	<b>119</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. Employees**

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	16,255	20,715
Social security costs	2,229	2,140
Other pension costs	1,673	1,320
	<b>20,157</b>	<b>24,175</b>
Less: Amounts recharged to related undertakings	(96)	(76)
	<b>20,061</b>	<b>24,099</b>

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 2019 include costs of £3,337,135 (2018: £5,673,000) relating to Ryder Cup Europe LLP.

Total staff costs include the long-term incentive plan of £Nil (2018: £836,000 credit). This was established from 2017 which rewards the executive leadership team for performance over a three year cycle.

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Administration	77	76
Field and operation	94	133
Commercial	74	65
	<b>245</b>	<b>274</b>

In addition, the average number of retained consultants of the Group during the year was 59 (2018: 43).

**9. Directors' remuneration**

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate directors' emoluments	1,183	1,517
LTI	-	(658)
Pension contributions to money purchase pension schemes	59	59
	<b>1,242</b>	<b>918</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Directors' remuneration – continued**

Highest paid director:

	2019	2018
	£'000	£'000
Aggregate director's emoluments	666	1,054
LTIP	-	(658)
Pension contributions to money purchase pension schemes	59	59
	<b>725</b>	<b>455</b>

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

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

**10. Interest receivable and similar income**

	2019	2018
	£'000	£'000
Other interest receivable	<b>128</b>	<b>107</b>

**11. Interest payable and similar expenses**

	2019	2018
	£'000	£'000
Other interest payable	<b>12</b>	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Corporation tax</b>		
Current tax on (loss)/profit for the year	-	2,069
Adjustments in respect of prior years	(723)	20
Share of joint ventures' current taxation	-	3
	<u>(723)</u>	<u>2,092</u>
Foreign tax relief	-	(788)
Foreign tax suffered	3	974
<b>Total current tax</b>	<u>(720)</u>	<u>2,278</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,408)	(1,744)
Effects of changes in tax rates	(681)	95
Adjustment in respect of prior years	20	703
<b>Total deferred tax</b>	<u>(4,069)</u>	<u>(946)</u>
<b>Total tax</b>	<u>(4,789)</u>	<u>1,332</u>

**Factors affecting tax (credit)/charge for the year**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit before taxation	(20,851)	11,612
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(3,962)	2,206
<b>Effects of:</b>		
Expenses not deductible for tax purposes	481	420
Adjustments in respect of prior years	(703)	723
Non-taxable income	(438)	(1,198)
Deferred tax not recognised	-	47
Minority interest share of partnership (profits)/losses	531	(1,084)
Share of partnership profits	-	13
Tax rate changes	(682)	95
Overseas tax differences	3	107
Share of joint ventures' current tax	-	3
Effect of group relief/ other relief	(24)	-
Other	5	-
<b>Total tax (credit)/charge for the financial year</b>	<u>(4,789)</u>	<u>1,332</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Intangible assets**

<b>Group</b>						
	<b>Intellectual property rights</b>	<b>Title rights</b>	<b>Software</b>	<b>Goodwill</b>	<b>Negative goodwill</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 January 2019	294,230	686	2,618	2,065	(121,663)	177,936
Additions	-	-	1,104	-	-	1,104
At 31 December 2019	294,230	686	3,722	2,065	(121,663)	179,040
<b>Accumulated amortisation</b>						
At 1 January 2019	18,824	686	130	1,631	(6,083)	15,188
Charge for the year	14,869	-	674	137	(6,083)	9,597
Impairment charge	888	-	-	254	-	1,142
At 31 December 2019	34,581	686	804	2,022	(12,166)	25,927
<b>Net book value</b>						
At 31 December 2019	259,649	-	2,918	43	(109,497)	153,113
At 31 December 2018	275,406	-	2,488	434	(115,580)	162,748

Amortisation of intangible fixed assets is included in administrative expenses.

The Group's goodwill relates to the acquisitions of

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

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

The impairment charge above relates to the impact of the assessment of the valuation of the subsidiary FF Golf Production which was estimated to be £Nil.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Intangible assets – continued**

<b>Company</b>				
	<b>Intellectual property rights</b>	<b>Title rights</b>	<b>Software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 January 2019	3,786	686	2,061	6,533
Additions	-	-	493	493
At 31 December 2019	3,786	686	2,554	7,026
<b>Accumulated amortisation</b>				
At 1 January 2019	3,786	686	112	4,584
Charge for the year	-	-	616	616
At 31 December 2019	3,786	686	728	5,200
<b>Net book value</b>				
At 31 December 2019	-	-	1,826	1,826
At 31 December 2018	-	-	1,949	1,949

**14. Tangible assets**

<b>Group and Company</b>							
	<b>Freehold buildings</b>	<b>Long- term leasehold property</b>	<b>Field equipment</b>	<b>Motor vehicles</b>	<b>Fixtures &amp; fittings</b>	<b>Office &amp; computer equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>							
At 1 January 2019	509	1,850	457	460	437	3,316	7,029
Additions	-	2,087	-	-	226	293	2,606
Disposals	-	-	(309)	-	(438)	(1,785)	(2,532)
At 31 December 2019	509	3,937	148	460	225	1,824	7,103
<b>Accumulated depreciation</b>							
At 1 January 2019	198	1,606	377	453	391	2,530	5,555
Charge for the year	10	85	11	7	29	396	538
Disposals	-	-	(298)	-	(391)	(1,783)	(2,472)
At 31 December 2019	208	1,691	90	460	29	1,143	3,621
<b>Net book value</b>							
At 31 December 2019	301	2,246	58	-	196	681	3,482
At 31 December 2018	311	244	80	7	46	786	1,474

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. Investments**

**Group**

	<b>Interests in joint ventures</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2019	330
Disposals	(5)
<b>At 31 December 2019</b>	<b>325</b>

**Company**

	<b>Interests in subsidiaries</b>	<b>Loans to subsidiaries</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 January 2019	2,511	58	2,569
<b>At 31 December 2019</b>	<b>2,511</b>	<b>68</b>	<b>2,569</b>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. Investments - continued**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered</b>	<b>Principal Activity</b>	<b>Class of shares</b>	<b>Holding</b>
PGA European Tour Enterprises Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Dormant	Ordinary	100%
PGA European Tour South SA	Caldes de Malavella (Girona, Spain), Or Furest i Roca 63	No longer trading	Bearer	100%
PGA European Tour Properties Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	No longer trading	Ordinary	100%
PGA European Tour Property Holdings Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Dormant	Ordinary	100%
European Open Golf Championship Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Dormant	Ordinary	100%
European Golf Management Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Golf course consultancy	Ordinary	100%
PGA European Tour Productions Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Television production and distribution of golf programmes	Ordinary	100%
Ryder Cup Europe LLP	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	The promotion of the Ryder Cup	Partnership interest	60%
Ryder Cup Limited *	Centenary House, The Belfry, Sutton Coldfield, West Midlands, B76 9PT	The promotion of the Ryder Cup	Ordinary	60%
Ryder Cup 2018 Commercial Limited *	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	The promotion of the Ryder Cup	Ordinary	60%
FF Golf Production	42 Avenue Montaigne, 75007, Paris	French Open operation	Ordinary	100%
European Tour China Limited	European Tour Building, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Representative office	Ordinary	100%

\*The interest in the share capital of these companies is held via the interest in Ryder Cup Europe LLP.

The results of all the subsidiary undertakings have been consolidated in the Group financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. 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, Wentworth Drive, Virginia Water, Surrey, GU25 4LX	Design of golf courses	50%
London Golf (European Tour) Limited	1 Princeton Mews, 167-169 London Road, Kingston Upon Thames, Surrey, KT2 6PT	The promotion of the London Golf Club	50%
Eurasia Cup SDN.BHD	Level 1.01A, Wisma Prosper, Block B, Kelana Centre Point, No 3 Jalan SS 7/19, 47301 Kelana Jaya, Petaling Jaya, Selangor, Malaysia	Administration of Eurasia	50%

**16. Debtors**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	55,998	35,995	38,284	24,145
Amounts owed by group undertaking	-	-	6,550	6,060
Amounts owed by related entities	412	143	199	-
Amounts owed by joint ventures	41	31	41	31
Other debtors	890	919	166	918
Prepayments and accrued income	12,767	19,004	6,981	10,085
Corporate tax receivable	1,850	653	734	653
Deferred taxation (note 22)	-	-	2,559	824
Taxation and social security	7,898	8,542	417	-
Derivative financial instruments	751	347	583	347
	<b>80,607</b>	<b>65,634</b>	<b>56,514</b>	<b>43,063</b>

The gross value of trade debtors was £54,212,000 (2018: £36,317,000). A bad debt provision of £3,742,000 (2018: £260,000) has been made against this.

The Group and Company has a number of significant contracts with 3rd parties which are both Customers and Suppliers where an agreement is put in place to net off balances. Furthermore there are also a number of significant barter arrangements where the Group makes supplies to 3rd parties in consideration of supplies it has received or vice versa. At the year end there were significant balances outstanding on these contracts resulting a significant increase in other debtors.

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

**17. Cash at bank and in hand**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<b>24,713</b>	<b>22,688</b>	<b>2,332</b>	<b>6,754</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Creditors: amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	11,258	12,099	8,323	5,995
Amounts owed to group undertakings	-	-	36,713	8,950
Corporation tax	29	2,369	-	-
Taxation and social security	2,057	11,692	1,907	6,414
Other creditors	389	-	-	-
Accruals and deferred income	57,492	42,672	37,255	34,653
Derivative financial instruments	17	1,248	-	452
	<b>71,242</b>	<b>70,080</b>	<b>84,198</b>	<b>56,464</b>

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

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

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income	<b>28,283</b>	-

Deferred income relates to income received in advance of the Ryder Cup event scheduled for 2027.

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**20. Derivative financial instrument**

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

Outstanding Contracts		Notional value	Fair Value	Notional value	Fair Value
		2019	2019	2018	2018
		£'000	£'000	£'000	£'000
Exercise date					
<b>PGA European Tour:</b>					
SELL EUR / BUY GBP	Less than 1yr	35,788	422	8,725	39
BUY EUR / SELL GBP	Less than 1yr	-	-	6,000	78
SELL USD / BUY GBP	Less than 1yr	1,988	161	27,225	175
BUY USD / SELL GBP	Less than 1yr	-	-	33,452	55
<b>PGA European Tour Asset</b>			<b>583</b>		<b>347</b>
SELL EUR / BUY GBP	Less than 1yr	-	-	31,920	(27)
BUY EUR / SELL GBP	Less than 1yr	-	-	11,345	(26)
SELL USD / BUY GBP	Less than 1yr	-	-	21,453	(176)
BUY USD / SELL GBP	Less than 1yr	-	-	22,475	(223)
<b>PGA European Tour Liability</b>			-		<b>(452)</b>
<b>Total PGA European Tour</b>			<b>583</b>		<b>(105)</b>
<b>PGA European Tour Productions Limited:</b>					
SELL EUR / BUY GBP	Less than 1yr	8,150	56	-	-
SELL USD / BUY GBP	Less than 1yr	36,778	111	-	-
<b>PGA European Tour Productions Limited Assets</b>			<b>167</b>		-
SELL AUD / BUY GBP	Less than 1yr	930	(9)	-	-
SELL EUR / BUY GBP	Less than 1yr	-	-	6,060	(13)
SELL USD / BUY GBP	Less than 1yr	7,567	(8)	35,550	(783)
<b>PGA European Tour Productions Limited Liabilities</b>			<b>(17)</b>		<b>(796)</b>
<b>Total PGA European Tour Productions Limited</b>			<b>150</b>		<b>(796)</b>
<b>Total Group</b>			<b>733</b>		<b>(901)</b>

A net gain of £733,000 (2018: loss of £901,000) was recognised in other comprehensive income. No losses of in excess of the fair value of hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss, and the full amount of £1,635,000 (2018: £455,000) was released to the profit and loss when the hedged instruments matured.

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**21. Financial Instruments**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</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	<b>750</b>	<b>347</b>	<b>583</b>	<b>347</b>
Financial assets that are debt instruments measured at amortised cost	<b>68,021</b>	<b>54,442</b>	<b>52,123</b>	<b>40,470</b>
	<b><u>68,771</u></b>	<b><u>54,789</u></b>	<b><u>52,706</u></b>	<b><u>40,817</u></b>
<b>Financial liabilities</b>				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	<b>(17)</b>	<b>(1,248)</b>	<b>-</b>	<b>(452)</b>
Financial liabilities measured at amortised cost	<b>(28,984)</b>	<b>(39,915)</b>	<b>(82,291)</b>	<b>(32,918)</b>
	<b><u>(29,001)</u></b>	<b><u>(41,163)</u></b>	<b><u>(82,291)</u></b>	<b><u>(33,370)</u></b>

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, other creditors and accruals.

**22. Deferred taxation**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Movement in the year:</b>				
At 1 January	<b>(46,310)</b>	<b>(47,257)</b>	<b>824</b>	<b>1,866</b>
Deferred tax charged to profit or loss	<b>4,089</b>	<b>1,650</b>	<b>1,755</b>	<b>(1,241)</b>
Adjustment in respect of prior years	<b>(20)</b>	<b>(703)</b>	<b>(20)</b>	<b>199</b>
<b>At 31 December</b>	<b><u>(42,241)</u></b>	<b><u>(46,310)</u></b>	<b><u>2,559</u></b>	<b><u>824</u></b>
<b>The deferred tax balance is made up as follows:</b>				
Accelerated capital allowances	<b>264</b>	<b>231</b>	<b>207</b>	<b>33</b>
Losses	<b>2,019</b>	<b>121</b>	<b>2,019</b>	<b>121</b>
Acquired intangible assets	<b>(44,861)</b>	<b>(47,335)</b>	<b>-</b>	<b>-</b>
Short term timing differences - trading	<b>337</b>	<b>673</b>	<b>333</b>	<b>670</b>
	<b><u>(42,241)</u></b>	<b><u>(46,310)</u></b>	<b><u>2,559</u></b>	<b><u>824</u></b>
<b>Comprising:</b>				
Within one year	<b>-</b>	<b>-</b>	<b>333</b>	<b>824</b>
After one year	<b>(42,241)</b>	<b>(46,310)</b>	<b>2,226</b>	<b>-</b>
	<b><u>(42,241)</u></b>	<b><u>(46,310)</u></b>	<b><u>2,559</u></b>	<b><u>824</u></b>

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**23. Provisions**

**Group and Company: Other provisions**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2019	1,901	-
Transferred from accruals and deferred income	-	2,180
Utilised in the year	(151)	(279)
	<b>1,750</b>	<b>1,901</b>

**24. 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.

**25. Contingent liabilities**

Neither the Group nor the Company had any material contingent liabilities at 31 December 2019 (2018: £Nil). The Group has committed to continued support of its subsidiaries and joint venture companies for the foreseeable future and at least 12 months from the signing of the financial statements of each entity.

PGA European Tour has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from preparing individual financial statements under Section 394A of the Companies Act 2006 in respect of the year ended 31 December 2019:

- o European Tour China Limited
- o European Golf Management Limited

**26. Capital and other commitments**

At 31 December the Group had capital commitments as follows:

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

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	14,333	12,128
Later than one year and not later than five years	61,334	58,246
Later than five years	304,505	321,927
	<b>380,172</b>	<b>392,301</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. Commitments under operating lease**

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

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	8	7
Later than one year	3	4
	<b>11</b>	<b>11</b>

**28. Related party transactions**

PGA European Tour holds investments in a number of subsidiaries and joint ventures as disclosed in note 15. These entities are regarded as related parties and so transactions with them and balances due from/(to) them are disclosed below, except that the Group has taken advantage of the exemption contained within paragraph 33.1A of FRS 102 and not disclosed transactions with wholly owned subsidiary undertakings.

<b>The Group</b>	<b>2019</b>			<b>2018</b>		
	<b>Purchases/</b>	<b>Sales/</b>	<b>Balance</b>	<b>Purchases/</b>	<b>Sales/</b>	<b>Balance</b>
	<b>charges</b>	<b>charges</b>	<b>at year</b>	<b>charges</b>	<b>charges</b>	<b>at year</b>
	<b>from</b>	<b>to</b>	<b>end</b>	<b>from</b>	<b>to</b>	<b>end</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
European Golf Design Limited	50	6	(3)	17	-	-
London Golf Club Developments Limited	51	62	37	-	71	20
London Golf (European Tour) Limited	-	-	-	-	-	5
<b>The Company</b>						
	<b>2019</b>			<b>2018</b>		
	<b>Purchases/</b>	<b>Sales/</b>	<b>Balance</b>	<b>Purchases/</b>	<b>Sales/</b>	<b>Balance</b>
	<b>charges</b>	<b>charges</b>	<b>at year</b>	<b>charges</b>	<b>charges</b>	<b>at year</b>
	<b>from</b>	<b>to</b>	<b>end</b>	<b>from</b>	<b>to</b>	<b>end</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Ryder Cup Europe LLP	-	5,334	2,223	8,784	2	1,345
Ryder Cup Limited	567	-	28	44	454	(381)
European Golf Design Limited	40	6	12	17	-	-
London Golf Club Limited	40	-	-	-	-	-
London Golf (European Tour) Limited	-	-	-	-	-	5

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

£15,000 (2018: £15,000) of the balance due to the Company from European Golf Design limited represents a loan. All other balances arose from trading, are unsecured and are repayable on demand.

**29. Post balance sheet events**

During 2020 the Group has been impacted by the Covid-19 Pandemic and subsequent suspension of sporting events. Details of plans and critical strategic decisions made by the Board as a reaction to this are summarised in the strategic report on pages 2 to 7.

A dividend was declared by PGA European Tour Productions Limited on 7<sup>th</sup> September 2020 for £25,766k. Had this been declared prior to 31 December 2019 the shareholders fund in the Company would have been £6,541k.