

Signed

**"THE CHAMPIONSHIP COMMITTEE"
MERCHANDISING LIMITED**

(Company No. 1437656)

**REPORT AND ACCOUNTS
2002**



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"The Championship Committee" Merchandising Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st December 2002.

Results and dividends

The trading profit for the year, after taxation, amounted to £686,339. The directors recommend an ordinary dividend of £695,485 leaving no retained reserves to be carried forward.

Review of the business

The Company's principal activity during the year continued to be the ownership of trademarks identified with the Open Golf Championship and the promotion of these trademarks worldwide through licensing agreements.

The Company traded satisfactorily throughout the year and this pattern is expected to continue during the current year.

Directors' responsibilities for the accounts

Company Law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent and; prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and their interests

The directors of the company during the year were:-

J.F. Gibson
N.J. Crichton
D.I. Pepper

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

Mr N.J. Crichton retired by rotation at the Annual General Meeting held in November 2002 and, being eligible, was duly re-elected.

"The Championship Committee" Merchandising Limited

DIRECTORS' REPORT (continued)

Fixed Assets

The Company held fixed assets at the year end as shown in note 7.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board



M.T. DOBELL
Secretary

14th March 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF "THE CHAMPIONSHIP COMMITTEE" MERCHANDISING LIMITED

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 9. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor

EDINBURGH
14th March 2003

"The Championship Committee" Merchandising Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2002

	NOTES	2002 £	2001 £
Turnover	2	1,074,125	1,149,405
Cost of Sales		<u>289,376</u>	<u>338,953</u>
Gross Profit		784,749	810,452
Selling and Distribution Expenses		9,768	3,834
Administrative Expenses		<u>22,889</u>	<u>13,148</u>
		32,657	16,982
Trading Profit	3	<u>752,092</u>	<u>793,470</u>
Other Income	4	<u>160,826</u>	<u>11,375</u>
Profit on Ordinary Activities Before Tax		912,918	804,845
Taxation on Profit on Ordinary Activities	5	<u>226,579</u>	<u>286,023</u>
Profit on Ordinary Activities After Tax		686,339	518,822
Dividend Proposed	6	<u>695,485</u>	<u>518,000</u>
(Loss) / Profit for Year		(9,146)	822
Retained Profit Brought Forward		<u>9,146</u>	<u>8,324</u>
Retained Profit Carried Forward		<u>Nil</u>	<u>9,146</u>

"The Championship Committee" Merchandising Limited

BALANCE SHEET

as at 31st December 2002

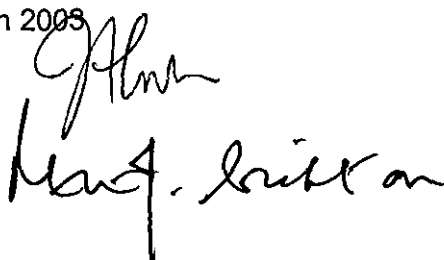
	NOTES	£	2002 £	2001 £
TANGIBLE FIXED ASSETS	7&8		461,287	518,383
CURRENT ASSETS				
Due by Parent Company		145,323		146,640
Due by Subsidiary Company		94,015		Nil
Debtors		41,055		3,469
Cash at Bank		81,795		126,349
		<u>362,188</u>		<u>276,458</u>
CREDITORS: Amounts Due Falling Within One Year				
Trade Creditors and Accruals		50,353		112,137
Amount Due to Subsidiary Company		Nil		63,738
Corporation Tax Payable	5	77,537		91,720
Dividend Payable	6	695,485		518,000
		<u>823,375</u>		<u>785,595</u>
Net Current Assets / (Liabilities)			(461,187)	(509,137)
Total Assets			<u>100</u>	<u>9,246</u>
Represented by:				
CAPITAL AND RESERVES				
Called Up Share Capital	9		100	100
Profit & Loss Account			Nil	9,146
			<u>100</u>	<u>9,246</u>

The Notes on pages 7 to 9 form part of these Accounts.

Approved by the Board, 14th March 2003

J.F. Gibson Director

N.J. Crichton Director



"The Championship Committee" Merchandising Limited

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has taken advantage of the exemption allowed by FRS1 for small companies from preparing a Statement of Cash Flows.

Consolidated Accounts

As the Company and its subsidiary are both small companies, advantage has been taken of the exemption allowed by Section 248 of the Companies Act 1985 from preparing consolidated accounts.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of conversion to sterling.

All differences are taken to the profit and loss account.

2. TURNOVER

Turnover represents amounts receivable during the financial year from current licensing agreements.

A geographical analysis of turnover is as follows:

	2002	2001
	£	£
United Kingdom	Nil	6,774
Overseas	1,074,125	1,142,631
	<u>1,074,125</u>	<u>1,149,405</u>

3. TRADING PROFIT

Trading profit is stated after charging:

	2002	2001
	£	£
Directors' remuneration	Nil	Nil
Auditors' remuneration	2,175	2,100
	<u>2,175</u>	<u>2,100</u>

4. OTHER INCOME

	2002	2001
	£	£
Bank interest receivable	3,073	11,375
Dividend from Subsidiary	157,753	Nil
	<u>160,826</u>	<u>11,375</u>

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NOTES TO THE ACCOUNTS

5. TAXATION

The taxation charge for the year comprises:-

	2002	2001
	£	£
UK Corporation tax at 30.00% (2001: 35.5%)	226,550	285,970
Adjustment in respect of previous periods	29	53
	<u>226,579</u>	<u>286,023</u>

UK Corporation Tax:-

	£	£
UK Corporation tax on profits of the period	163,537	160,272
Overseas taxation	63,013	61,960
Group relief payable	Nil	63,738
Adjustments in respect of previous periods	29	53
Total current tax	<u>226,579</u>	<u>286,023</u>

Factors affecting the tax charge for the period:-

Profit on ordinary activities before tax	<u>912,918</u>	<u>804,845</u>
At 30%	273,876	241,454

Effect of:

Disallowed expenses and non-taxable income	(47,326)	(101)
Adjustments in respect of previous periods	29	53
Group relief claimed on a pound-for-pound basis	Nil	44,617
Current tax charge for the period	<u>226,579</u>	<u>286,023</u>

Factors affecting future tax charges:-

We are not aware of any factors which will affect future tax charges of the company.

Corporation tax payable comprises:-

	£	£
Taxation charge on profits of the year	226,550	285,970
Less: Corporation tax paid to account	(86,000)	(68,552)
Losses surrendered by subsidiary company	Nil	(63,738)
Overseas tax suffered	(63,013)	(61,960)
Corporation tax per balance sheet	<u>77,537</u>	<u>91,720</u>

6. DIVIDEND

The directors propose a dividend of £695,485.

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NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSET

The asset is valued at cost and the directors consider that no depreciation should apply.

	2002	2001
	£	£
Archive Film:		
Balance 1/1/2002	518,183	518,183
Less accrual no longer required	<u>57,096</u>	<u>Nil</u>
	461,087	518,183
Investment in subsidiary	<u>200</u>	<u>200</u>
	<u>461,287</u>	<u>518,383</u>

8. INVESTMENT IN SUBSIDIARY

The company owns 100% of the share capital of R&A Open Championship Merchandising Limited. The profit on ordinary activities after tax of the subsidiary company for the year ended 31st December 2002 was £157,753. A dividend of £157,753 is proposed and its net assets at 31st December 2002 amounted to Nil.

9. SHARE CAPITAL

	2002	2001
Authorised, allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The whole of the issued share capital of the Company is owned by The Royal and Ancient Golf Club of St. Andrews.