

**"THE CHAMPIONSHIP COMMITTEE"
MERCHANDISING LIMITED**

(Company No. 1437656)

**REPORT AND ACCOUNTS
2004**

6



"The Championship Committee" Merchandising Limited

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"The Championship Committee" Merchandising Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st December 2004.

Results and dividends

The profit for the year, after taxation, amounted to £932,893. The directors recommend that no dividend be paid and that the reserves 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. The activity of promoting these trademarks worldwide through licensing agreements was transferred to R & A Championships Limited on 1st January 2004.

The activities of the subsidiary company, R & A Open Championship Merchandising Limited were also transferred to R & A Championships Limited on 1st January 2004.

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:-

D. Harrison	
J.M. Kippax	(Appointed 22 September 2004)
D.I. Pepper	(Resigned 22 September 2004)
N. Lessels	C.B.E. (Resigned 1 March 2004)

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

Mr D. Harrison retired by rotation at the Annual General Meeting held in November 2004 and, being eligible, was duly re-elected.

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DIRECTORS' REPORT (continued)

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

A handwritten signature in black ink, appearing to read 'M.T. Dobell', with a stylized flourish at the end.

M.T. DOBELL
Secretary

11th March 2005

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 2004 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 11. 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 2004 and of its profit 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
11th March 2005

“The Championship Committee” Merchandising Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2004

	NOTES	£	2004 £	2003 £
Turnover	2		181,952	928,447
Cost of Sales			-	206,631
Gross Profit			181,952	721,816
Selling and Distribution Expenses		-		5,000
Administrative Expenses		2,315		84,124
			2,315	89,124
Operating Profit	3		179,637	632,692
Other Income	4		3,679	40,906
			183,316	673,598
Gift Aid Payment			-	516,000
			183,316	157,598
Exceptional item:				
Waiver of Related Party Debt	5		804,572	-
Profit on Ordinary Activities before Taxation			987,888	157,598
Taxation on Profit on Ordinary Activities	6		54,995	68,576
Profit for the Financial Year			932,893	89,022
Dividend Proposed	7		-	89,022
Retained Profit for the Year			932,893	-

"The Championship Committee" Merchandising Limited

BALANCE SHEET

as at 31st December 2004

	NOTES	2004	2003
		£	£
TANGIBLE FIXED ASSETS	8&9	749,497	562,568
CURRENT ASSETS			
Due by Subsidiary Company	-		133,862
Due by Related Party	304,938		-
Debtors			95,767
Corporation Tax Recoverable	-		80,000
Cash at Bank	242,666		52,832
	<u>547,604</u>		<u>362,461</u>
CREDITORS: Amounts Due Falling Within One Year			
Trade Creditors and Accruals	185,522		120,357
Due to Parent Company	-		715,550
Due to Subsidiary Company	4,368		-
Due to Related Party	119,223		-
Corporation Tax Payable	54,995		-
Dividend Payable	-		89,022
	<u>364,108</u>		<u>924,929</u>
Net Current Assets / (Liabilities)		183,496	(562,468)
Total Assets		<u>932,993</u>	<u>100</u>
Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	10	100	100
Profit & Loss Account		932,893	Nil
		<u>932,993</u>	<u>100</u>

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

Approved by the Board, 11th March 2005

D. Harrison

Director

J.M. Kippax

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:

	2004	2003
	£	£
United Kingdom	-	-
Overseas	<u>181,952</u>	<u>928,447</u>
	<u>181,952</u>	<u>928,447</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Directors' remuneration	-	-
Auditors' remuneration	<u>2,300</u>	<u>2,225</u>

4. OTHER INCOME

	2004	2003
	£	£
Bank interest receivable	3,679	1,059
Dividend from Subsidiary	-	<u>39,847</u>
	<u>3,679</u>	<u>40,906</u>

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NOTES TO THE ACCOUNTS

5. WAIVER OF RELATED PARTY DEBT

Repayment of amounts due to The Royal and Ancient Golf Club of St Andrews, following a reorganisation of that entity's activities on 1st January 2004, have been waived.

6. TAXATION

The taxation charge for the year comprises:-

	2004	2003
	£	£
UK Corporation tax on profits of the year	54,995	31,086
Overseas taxation	-	37,490
Total current tax	<u>54,995</u>	<u>68,576</u>

Factors affecting the tax charge for the year:-

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

Profit on ordinary activities before tax	<u>987,888</u>	<u>157,598</u>
At 30% (2003 - 30%)	<u>296,366</u>	<u>47,279</u>

Effect of:

DTR unable to offset on overseas earnings	-	37,490
Marginal Relief	-	(9,985)
Disallowed expenses and non-taxable income		(6,208)
Waiver of related party debt	<u>(241,371)</u>	<u>-</u>
Current tax charge for the period	<u>54,995</u>	<u>68,576</u>

Factors affecting future tax charges:-

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

7. DIVIDEND

The directors propose that no dividend be paid (2003 - £89,022).

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NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSET

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

	2004	2003
	£	£
Archive Film:		
Balance at 1 st January	562,368	461,087
Purchased during year	186,929	101,281
Balance at 31 st December	<u>749,297</u>	<u>562,368</u>
Investment in subsidiary	200	200
	<u>749,497</u>	<u>562,568</u>

9. 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 2004 was £3,289. A dividend of £3,289 is proposed and its net assets at 31st December 2004 amounted to £Nil.

10. SHARE CAPITAL

	2004	2003
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.

11. RELATED PARTY

Transactions and balances with R&A Championships Limited were as follows:

	2004	2003
	£	£
Receipts	304,938	-
Payments	121,447	-
Debtors	304,938	-
Creditors	119,223	-

These relate to foreign exchange transactions dealt with through R&A Championships Limited.