St Andrews Links Trust

# Annual Report and Accounts
## 2009

 Scottish Charity No. SC 006161

# St Andrews Links Trust

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P D Forster
Chairman of Trustees

Dr J Mills
Chairman of Links Management Committee

# chairmen's statement

*for the year ended 31 December 2009*

One of the most important duties of St Andrews Links Trust is maintaining the historic landscape of the Links. With seven golf courses and a range of clubhouses and greenkeeping facilities to manage this is a substantial task but one which the Trust takes extremely seriously.

In recent years a number of initiatives have been taken to protect and nurture parts of the Links. From the coastal protection measures taken at the edges of the Eden and Jubilee courses at the Eden Estuary to the gorse and grassland management programmes a great deal of effort has been made to sustain the Links for future generations.

It was pleasing to see this work receive national recognition when the Trust was named as the Overall Winner in the Golf Course Environment Awards run by the Sports Turf Research Institute. The award particularly highlighted the creation of a reedbed washdown area by the greenkeeping team on the Jubilee and New courses led by course manager Graeme Taylor. The reedbed on the 17th hole of the Jubilee Course enables water that has been used for washing machinery to be fed through two gravel beds which have been planted with common reed. The reeds filter out the impurities, allowing clean water to be discharged to a soakaway. This approach was held up as a benchmark for sustainable golf course management. The Links also became one of the first major venues to commit to achieving accreditation from the Golf Environment Organisation (GEO). The new accreditation programme aims to become the hallmark for sustainable golf and measures all aspects of a golf venue's operations from the courses to clubhouses and greenkeeping facilities.

It was a busy year at the Links where once again the focus was on delivering the highest standard of service we can to our golfing customers. The condition of the courses was widely praised throughout the season and they held up well in variable weather conditions. The Castle Course continues to mature and improve with some of its more challenging aspects having been softened.

Off the courses, our new global partnership with Allianz was something of a watershed in terms of extending the marketing reach of the Links and conveying key messages about the Home of Golf to golfers around the world.

Finally, we look forward to 2010 and the return of the Open Championship in what promises to be another excellent year of golf.

PD Forster
Chairman of Trustees

Dr J Mills
Chairman of Links Management Committee

14 May 2010

The Links committed to achieving GEO accreditation

The award-winning reedbed washdown area.

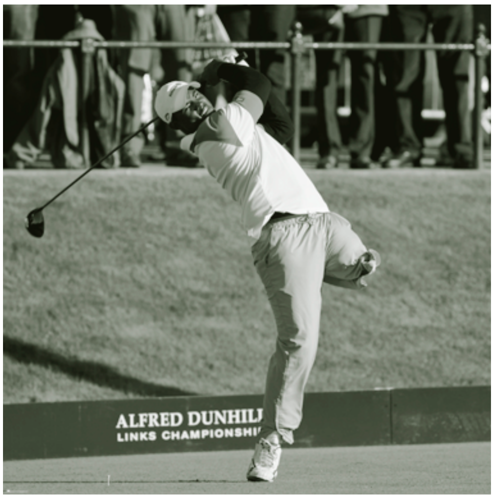
Alan McGregor
Chief Executive

# chief executive's report

2009 was a notable year in many respects for St Andrews Links. The Trust appointed a global partner for the first time in its history, The Castle Course enjoyed its first full season and the preparations for the Open Championship in 2010 gathered pace. A programme of improvements to the Jubilee Course was also announced. All of this in a year in which a busy tournament schedule had to be accommodated and the services and facilities at the Links continued to develop.

The appointment of Allianz, one of the world's leading financial services providers, as the global partner of St Andrews Links, was a major step forward for the Trust in raising its international profile and developing the brand around the world. Allianz operates in more than 70 countries and is a keen supporter of golf through its involvement in the Ryder Cup and the Allianz Championship on the PGA Champions' Tour. Its golf ambassador is Ryder Cup player Paul McGinley.

The undoubted highlight of the first year of the partnership was the participation of Manuel de los Santos in the Alfred Dunhill Links Championship. The former baseball player lost his leg in a car accident when he was 18. After an inspirational performance Manuel, who is originally from the Dominican Republic and now lives in France, and his playing partner Richard Bland missed the cut in the team event by a single stroke on 20 under par.




Manuel drives at the first (above) and greets his practice partner Paul McGinley (below).

The Castle Course Clubhouse Restaurant.

The 15th of the Jubilee Course enjoys a splendid setting

Allianz launched an international advertising and PR campaign for the partnership in May. At the heart of the campaign is a joint microsite – www.allianz.com/sal. The microsite uses the latest web development technology to display different aspects of the Links including the greenkeeping facilities and various sustainability and biodiversity projects such as grassland management and protecting the coastline at the Eden Estuary.

In addition to the microsite a TV commercial was filmed at the Links which captures the essence of the golfing landscape following the journey of the Links over 600 years to the point where it has found a global partner. The commercial has been broadcast extensively on CNN in some of the 70 countries in which Allianz operates and on CNBC in America. Print advertising focusing on qualities that people associate with the Links such as heritage and sustainability has appeared in an array of prestigious publications around the world such as the Financial Times, the Wall Street Journal, Forbes Magazine and the Harvard Business Review.

The Castle Course enjoyed a busy first full season attracting many visiting and local golfers. After some changes were made over the winter to soften some of the harsher features of the course, such as the rugged fairway mounds on some fairways, the course became more playable and remained in excellent condition for such a new layout. The clubhouse attracted a great deal of praise for the restaurant, the high standard of its facilities and the quality of the service provided. It was gratifying to see the clubhouse receive an award from St Andrews Preservation Trust in recognition of its outstanding design which is sympathetic toward the surrounding landscape.

Work got underway on a programme of improvements to the Jubilee Course. Under the watchful eye of golf course architect Martin Hawtree, renowned for his work with the R&A and on many of the UK and Ireland's top links courses, the alterations are designed to help the Jubilee realise its full potential. The alterations were carefully considered by the Green Sub-Committee of the St Andrews Links Management Committee in the previous 18 months and a public information session was held for local golfers last June. The work got underway in September and concentrated in the early stages on holes six, seven, twelve and thirteen.

The preparations for the 28th staging of the Open Championship on the Old Course moved on a stage with the construction of a new championship tee on the famous Road Hole. The new tee on the 17th is situated 35 yards back from the existing tee on the ground of the Golf Practice Centre and takes the length of the hole to 490 yards. It will remain a par four. The move was made after extensive consultation with the R&A. The aim is to encourage the players to take the driver from the tee and to make their approach shots to the green more demanding. The fairway has been widened slightly to the left of the landing area to make this a more attractive option.

The Links courses themselves enjoyed a good season, attracting widespread praise for their condition from golfers. It was a solid year in terms of the number of rounds played on the courses. There were indications that more visitors came to the Links from continental Europe than in previous years.

Construction of a new championship tee on the Old Course.

# chief executive's report continued

It was an Englishman who triumphed at the Alfred Dunhill Links Championship in the form of Simon Dyson. The Yorkshireman claimed the trophy with a burst of six birdies in the first seven holes of his final round on the Old Course on his way to a 66 and a 20 under par total of 268. Young Irish star Rory McIlroy and Englishman Oliver Wilson were three shots back. Earlier in the week Mikko Ilonen of Finland equalled the Old Course record of 64 held by Welshman Bradley Dredge. The team event was won by Soren Hansen of Denmark and Kieran McManus of Ireland with a remarkable 44 under par total.

Irish teenager Alan Dunbar won the Links Trophy with a final round 70 for a two under par total of 285. The 19 year-old from the Rathmore Club in Portrush won by a single shot from Englishman Matt Haines. The trophy was sponsored for the first time by Allianz and once again attracted an international field including rising Italian star Matteo Manassero who finished seven shots back with a score of 292.

Scotland's Kylie Walker became only the third person in the 26-year history of the St Rule Trophy to retain the title. The 23 year-old from Buchanan Castle posted a nine under par total of 218 for the 54 hole event played over the New and Old courses. Kylie won by two shots from Carly Booth of Comrie. Kylie joined up with Pamela Prestwell and Louise Kenny to take the team honours for Scotland.

Booth was not to be denied winning a title in St Andrews and went on to take the St Andrews Junior Ladies' Open in style. The Curtis Cup star defeated Edinburgh University student Emma Fairnie from Dunbar 3 and 2 to win the trophy.

Alfred Dunhill Links Champion,
Simon Dyson


Links Trophy Champion,
Alan Dunbar

St Rule Trophy Champion
Kylie Walker


The prizegiving ceremony for St Andrews Links Junior Golf Association.

The Boys' Open was won by Richard Robson-Crosby from Ponteland in Northumbria. The 17 year-old won 3 and 1 against Matthew Fitzpatrick from Hallamshire in Yorkshire.

St Andrews Links Junior Golf Association (SALJGA) member Rachel Hanlon set the seal on an excellent season when she won the Strathtyrum Trophy. The 17 year-old came out on top after a tense final, winning at the first extra hole on the Eden Course against her more experienced opponent Elaine Clark from Manchester. The Eden Trophy was won at the eighth time of asking by Jason Barnes from Chart Hills with a 2 and 1 victory over Chris Harrison from Sandiway.

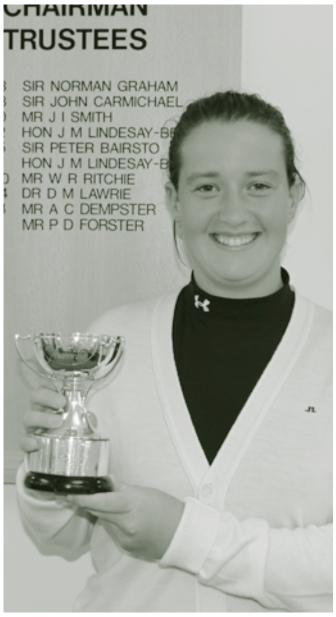
Rachel Hanlon's victory was just one of a number of excellent performances by SALJGA members last year. Ewan Scott became the first Scot to win the Under-14 English Boys' Amateur Strokeplay Championship and Ian Redford is now in the Scottish Under-18s squad. It was another successful season for the association as a whole with more than 39 tournaments being contested throughout the year and more than 300 members taking part in coaching sessions. Once again the volunteers are doing a sterling job in helping to run the events.

To conclude, we are looking forward to the return of the Open Championship to the Old Course in 2010 for the 28th time. With the greatest players in the world competing at the Home of Golf as the championship celebrates its 150th anniversary it promises to be a memorable year for everyone at St Andrews Links.

Alan McGregor
Chief Executive
14 May 2010

St Andrews Junior Ladies' Open Champion, Carly Booth

The Boys' Open Champion Richard Robson-Crosby




Strathtyrum Trophy Champion, Rachel Hanlon

Eden Tournament Champion Jason Barnes

# trustees' report

*On the year ended 31 December 2009*

## Introduction

The Trustees submit their annual report and accounts for the year ended 31 December 2009. This report is prepared in compliance with the Charities Accounts (Scotland) Regulations, 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (Revised 2005) (referred to as "SORP").

## Reference and Administrative Information

Reference and administrative information is shown on pages 26 to 29.

## Structure Governance and Management

*Governing Legislation and Appointment of Trustees*
The Trust was established by the St Andrews Links Order Confirmation Act, 1974 (the Links Act), a private Act of Parliament. The principal objective of the Trust is the maintenance of St Andrews Links "as a public park and place of public resort and recreation for the residents of the town of St Andrews and others resorting thereto". The Links Act extends certain rights and privileges to residents of St Andrews and to ordinary and life members of The Royal and Ancient Golf Club.

The Links Act provides for the appointment of Trustees and the establishment of a Links Management Committee (LMC) which, subject to the direction of the Trustees, is responsible for the regulation of play over the Links.

The Links Act states that the Member of Parliament representing the constituency which includes the Links is a Trustee and the Scottish Government nominates one Trustee. The remaining six Trustees, and all members of the Links Management Committee, are appointed equally by Fife Council and The Royal and Ancient Golf Club.

At their first meeting each year, Trustees and LMC members are reminded of their duties and responsibilities under the Links Act and other trust law and that, whilst serving as a Trustee or LMC member, they must not act as delegates or representatives of the body appointing them, but must have regard only for the best interests of the Trust and its beneficiaries. They also elect a chairman who will serve for that year.

*Trustee Induction and Training*
Newly appointed Trustees and LMC members participate in an induction process. They are provided with background information and other written materials, including past minutes and the latest Annual Report and Accounts. At an induction meeting, members of the Management Team explain the Trust's organisation chart, and their individual areas of responsibility. New members are then given a tour of the Trust's buildings and facilities and briefed by the relevant departmental managers. Questions are encouraged and, following the tour, there is a discussion session at which any further explanations can be requested and given.

*Governance*
Day-to-day management of the Trust and the wholly-owned companies is carried out by a senior management team, headed by a Chief Executive. Further information regarding the Management Team and their areas of responsibility is included within the reference and administrative information on pages 26 to 29.

The Management Team reports to the Trustees and Links Management Committee at regular formal meetings, the minutes of which are made available to the public. Several sub-committees and working parties exist to facilitate more detailed consideration of key aspects of the Trust's operations. These include a Greens Sub-Committee comprising LMC members and a Finance Committee comprising Trustees and LMC members. There is also an Audit Committee of Trustees who meet with the auditors to discuss matters concerning the audit and the Annual Report and Accounts. Each sub-committee or working party reports back to the Trustees or LMC as appropriate.

The Trustees have overall responsibility for ensuring that an appropriate system of internal controls, both financial and otherwise, exists. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:-

- annual budgets approved in advance by the Trustees,
- strategic plans, periodically updated, and approved by the Trustees,
- regular consideration by the Trustees of financial results through monthly management accounts,
- delegation of authority and segregation of duties, and
- identification and management of risks.

During 2009, Trustees commissioned an independent review of its governance arrangements from a firm of consultants. The consultants' report was reviewed by the Trustees and some of the recommendations for improvement were adopted during 2009. Further work has been commissioned, which will be carried out in 2010, in respect of other aspects of governance.

The Trustees have reviewed a Risk Assessment and agreed on the major strategic risks to which the Trust is exposed. These risks have been analysed into key components and responsibility for monitoring those risks, and reporting to Trustees any additional strategic risks which may from time to time be identified, has been delegated to the Management Team. Systems have been established to minimise exposure to these risks.

The Trust has benefited from charitable status since inception, and therefore enjoys exemption from income and corporation taxes on its charitable activities. Trading activities which are considered to be outwith the primary charitable purpose are carried out by separate limited companies wholly-owned by the Trust. Each of these companies remits its taxable profits to the Trust under Gift Aid arrangements.

*Related Parties*
The Trustees are not aware of any transactions with any bodies or

individuals which fall within the definition of related parties in the Charities and Trustee Investment (Scotland) Act, 2005 or which would require disclosure under the SORP.

## Objectives and Activities

The Links Act states that Trustees 'shall hold and maintain the Links as a public park and place of public resort and recreation for the residents of the town of St Andrews and others resorting thereto'. The Act also gives Trustees the power to build and operate clubhouses and other facilities servicing the courses.

In pursuit of this objective the Trust operates five 18-hole and one 9-hole golf courses, two public clubhouses, the Golf Practice Centre and Academy. In addition, The Castle Course St Andrews Limited operates an 18-hole golf course and clubhouse facility- The Castle Course- which is available to yearly ticket holders and members of the public. The clubhouses offer comprehensive food and beverage facilities to golfers and members of the public, and the Trust also offers a variety of high quality retail merchandise through its wholly-owned company St Andrews Links Golf Shops Limited. The Trust's intellectual properties are utilised by another wholly-owned company, St Andrews Links Limited, to generate licensing income. Any profits earned by the companies are remitted to the Trust under Gift Aid arrangements, enabling the Trustees to apply these profits to the further development and improvement of the Links.

## Achievements and Performance

The Trustees regard the financial performance for the year as highly satisfactory, and a more detailed analysis is provided in the Financial Review below.

Although no major projects came to fruition in 2009, the Trust continued to invest in improvements to the facilities it offers to the public. Refurbishments to the restaurant areas of the Links Clubhouse, completed in February 2009, resulted in a far more effective use of space within the building and have improved the dining experience.

The Trust continues to set the benchmark in terms of agronomy standards, and achieved recognition for its emphasis on conservation and sustainability when it was named as the Overall Winner in the Golf Course Environment Awards run by the Sports Turf Research Institute, and the golf courses received many favourable comments during the year. Over the winter of 2009/2010 a programme of works to improve the playability and attractiveness of the Jubilee Course was begun, and this is expected to result in a much improved playing experience in 2010. Simultaneously, work was undertaken at The Castle Course to address some green surrounds and approaches which were felt to be unduly penal, although in general terms the course is maturing very well.

## Financial Review

- **Presentation of Financial Statements**

To comply with the SORP, consolidated financial statements are prepared. These combine the results of the Trust with those of its wholly-owned companies and present them as if they were a single entity. Any intra-group trading is eliminated from incoming and outgoing resources on the consolidated statement of financial activities and any intra-group balances are eliminated from the consolidated balance sheet.

However, to assist readers to obtain an understanding of the Trust's own performance, the financial statements include a statement of financial activities and balance sheet for the Trust on pages 12 and 13.

Shading is used throughout the financial statements and notes to the accounts to indicate whether the figures relate to the consolidated or 'Links Trust only' financial statements. In addition, further unaudited analyses of the statement of financial activities and balance sheet are given on pages 30 to 31, together with other statistics and analysis.

- **Commentary on the Financial Statements**

2009 was a challenging year, and the Trust took steps to protect its financial security.

In the latter part of 2008, many of the world's leading economies entered recession. The Trust relies heavily upon visiting golfers, many from overseas, for a large proportion of its income. In the early part of 2009, an in-depth review of staffing levels throughout the Trust was carried out so as to realign staffing levels with the expected downturn in visitor numbers. Applications for voluntary redundancy were invited, and a small number of staff took advantage of this opportunity. Three further positions were declared redundant but, through reassignment of the staff affected, only two individuals left the Trust's employment.

Whilst there was indeed a reduction in visitor numbers, the effect was not as profound as had been feared, with an increase in European visitors offsetting to some extent the reduction in visitors from North America. The Castle Course operated throughout the high season, leading to increased golfing, catering and retail revenues from the course. The work carried out at the start of 2009 to redevelop and refurbish the restaurant area of the Links Clubhouse was successful, resulting in the virtual elimination of queues at peak times, more efficient service and an increase in turnover. Retail operations also performed strongly, with turnover increasing by 7% over 2008. Largely due to the global partner arrangement with Allianz SE, which came into effect in January 2009, royalty income increased very substantially  This type of income is important to the Trust as it does not depend upon visitors travelling to St Andrews, nor does it add to demand for play and therefore congestion on the golf courses. In the longer term, the increasing worldwide exposure of the Trust's logo can be expected to stimulate interest in the town and the golf courses.

As a result of these factors, total incoming resources increased by almost £1 million, from £13,545,151 in 2008 to £14,501,662.

Resources expended increased by just over £1.1 million, to £13,763,207 (2008 - £12,632,397). Despite the redundancy programme, payroll costs increased by just over £399,000 to £6,569,666 (2008 - £6,170,299). However it is important to note that

# trustees' report continued

*On the year ended 31 December 2009*

the 2009 figure includes all payroll costs incurred at The Castle Course, whereas in 2008 the payroll costs of the greenkeeping staff incurred before the course opened for play were capitalised as part of the cost of development. In addition, changes to the Fife Council pension scheme, to which many members of staff belong, resulted in significant increases in employer contributions from April 2009.

The cost of goods sold and catering non-payroll expenses increased in line with increased turnover, and operating expenses also increased significantly. Part of the increase is attributable to expenditure incurred to protect and extend the Trust's intellectual property, from which St Andrews Links Limited derives royalty income. Additional work undertaken during 2009 has improved the quality and range of intellectual properties and has successfully opposed potentially damaging trademark registrations from other parties. As a consequence of this work, expenditure of £80,515 (2008 - £52,393) was capitalised as intangible assets, and this resulted in an increase in amortisation charges on these intangible assets.

Legal and professional fees increased to £218,109 (2008 - £148,777) with much of the increase being attributable to the growth in licensing opportunities.

Depreciation charges increased to £1,129,371 (2008 - £984,122) mainly due to depreciation associated with The Castle Course, which was charged throughout 2009 compared to only six months in 2008.

Development expenditure increased to £485,517 (2008 - £372,154), with £450,000 of that total representing the Trust's contribution towards Phase 2 of the improvements to West Sands Road.

Interest charges reduced to £337,212 (2008 - £340,782) as repayment of the term loan commenced in March 2009. Irrecoverable VAT reduced to £115,649 (2008 - £151,773), although much of this reduction is due to timing issues which will reverse in 2010

As a result of all of these factors, the surplus for the year was £738,455 compared to £912,754 in 2008. Against the economic conditions prevalent in 2009, Trustees consider that this is a very satisfactory outcome.

As well as realigning staffing levels, where it was sensible to do so the Trust also deferred capital expenditure, so as to minimise its impact on cash flow. As a result, the net book value of tangible fixed assets actually reduced during 2009, from £22.7 million at December 2008 to £22.4 million. This is the first time since 2003 that depreciation charges have exceeded expenditure on tangible fixed assets.

The value of intangible assets, comprising expenditure on intellectual property assets, increased to £96,100 (2008 - £44,666). In 2007 St Andrews Links Limited retained a major US legal firm which specialises in intellectual property matters with the intention to improve the quality and coverage of the portfolio of registered marks. The increase in royalties received in 2009 and the potential for future increases in royalties demonstrates the importance of this investment.

Current assets are little changed from 2008 whilst aggregate current liabilities fell by £331,000. Deferred income at December 2009 was some £696,000 lower than in 2008 at £2,224,500 (2008 - £2,920,984). The Open Championship, which will be held over the Old Course in July 2010, necessitates the closure of that course for several weeks at the height of the season. As a result, there are many fewer times available for advance reservation and demand for play on the other courses is also affected. Therefore the value of advance reservations fully paid by December 2009 was inevitably going to be lower than at December 2008. Partially offsetting this reduction, the value of accruals within 'creditors-amounts falling due within one year' increased by nearly £362,000 to £807,422 (2008 - £445,885). This increase is largely because the Trust was not invoiced for its contribution towards the West Sands Road improvements prior to the year end, and the full amount of the contribution is therefore included within accruals.

The consolidated cash flow statement demonstrates that, despite loan repayments of £640,000, net interest charges of just over £336,000 and a reduction of £971,000 in net cash flow from operating activities, overall cash flow was marginally positive during the year. This is a tribute to the strength of the Trust's underlying cash flow.

- **Reserves Policy**

The consolidated financial statements show a general reserve of £14,510,049 (2008 - £13,771,594). However, there are no free reserves as defined in the SORP. It is the Trustees' long-term intention, when circumstances permit, to accumulate a free reserve appropriate to the Trust's needs.

## Plans for Future Periods

The Open Championship in 2010 will once again push St Andrews into the heart of golfing events. Whilst the event causes considerable interruption to the Trust's activities, it is overwhelmingly beneficial to the Trust and the town in the long term. The Trust, and specifically the greenkeeping teams, have been working closely with The Royal and Ancient Golf Club for some time, and will continue to do so until the event is over, so as to present the Old Course in the best possible condition for the world's best golfers, whilst ensuring that the quality of all of the courses will not be compromised by the massive spectator traffic that the event generates.

For the first time ever, the Trust will be able to offer golf to the public during the Open Championship, as The Castle Course will remain open throughout the season. Similarly, through The Castle Course shop and The Old Course Shop, some retail and catering activities will also continue to be publicly available.

The economic conditions which continue to cause difficulties for many leading global economies will provide further challenges in 2010, but the Trust is well prepared to weather the storm.

FOR AND ON BEHALF OF THE TRUSTEES

P D Forster
Chairman of Trustees
14 May 2010

N J Crichton
Trustee

# independent auditor's report to the trustees of st andrews links trust

*for the year ended 31 December 2009*

We have audited the accounts of St Andrews Links Trust for the year ended 31 December 2009 which comprise the charity and group statements of financial activities, the charity and group balance sheets, the group cash flow statement and related notes. These accounts have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the group and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The responsibilities of the trustees for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information published with the accounts and consider whether it is consistent with the audited accounts. The other information comprises only the Chairmen's statement, Chief Executive's Report, and unaudited statistical analysis. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity and group'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 accounts 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 accounts.

**Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and group as at 31 December 2009 and of its incoming resources and application of resources, for the year then ended;

- the accounts have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and

- the information given in the Trustees' Annual Report is consistent with the accounts.

**Henderson Loggie**
Chartered Accountants and Statutory Auditors
(Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)
Dundee

14 May 2010

# statement of financial activities for st andrews links trust

*for the year ended 31 December 2009*

| | Notes | £ | 2009 £ | 2008 £ |
|---|---|---|---|---|
| **INCOMING RESOURCES** | | | | |
| INVESTMENT INCOME | | | | |
| Gift Aid receipts | | 792,460 | | 414,792 |
| Interest receivable- | | | | |
| from bank | | 981 | | 21,616 |
| on loan balances with wholly-owned companies | | 21,854 | | 78,713 |
| | | | 815,295 | 515,121 |
| INCOMING RESOURCES FROM CHARITABLE ACTIVITIES | | | | |
| Golfing income | 2 | 7,699,007 | | 8,039,679 |
| Catering and retail income | | 1,389,568 | | 1,249,552 |
| Rents receivable | | 66,824 | | 37,744 |
| Gain on disposal of fixed assets | | 13,090 | | 64,351 |
| | | | 9,168,489 | 9,391,326 |
| **TOTAL INCOMING RESOURCES** | | | 9,983,784 | 9,906,447 |
| **RESOURCES EXPENDED** | | | | |
| Costs of generating funds | | - | | 340,782 |
| Charitable activities | | 9,082,456 | | 8,581,126 |
| Governance costs | | 54,136 | | 56,809 |
| **TOTAL RESOURCES EXPENDED** | 3 | | 9,136,592 | 8,978,717 |
| **NET INCOMING RESOURCES** | | | 847,192 | 927,730 |
| RECONCILIATION OF FUNDS | | | | |
| Balance brought forward | | | 13,886,515 | 12,958,785 |
| **BALANCE CARRIED FORWARD** | 13 | | £14,733,707 | £13,886,515 |

The Trust made no recognised gains or losses in the years ended 31 December 2008 and 2009 other than the net incoming resources for those years. Net incoming resources arose wholly from continuing activities and were the only change to reserves

AUDITOR'S REPORT – Page 11
THE NOTES ON PAGES 17 TO 25 FORM PART OF THESE ACCOUNTS

# balance sheet for st andrews links trust

*as at 31 December 2009*

| | Notes | £ | 2009 £ | 2008 £ |
|---|---|---|---|---|
| FIXED ASSETS | | | | |
| Tangible assets | 6 | | 21,298,117 | 21,350,094 |
| Investment in wholly-owned companies | 8 | | 1,050,000 | 1,001,000 |
| TOTAL FIXED ASSETS | | | 22,348,117 | 22,351,094 |
| CURRENT ASSETS | | | | |
| Stocks | | 134,285 | | 71,037 |
| Debtors | 9 | 1,310,237 | | 1,353,114 |
| Cash at bank and in hand | | 842,505 | | 813,625 |
| | | 2,287,027 | | 2,237,776 |
| CREDITORS | | | | |
| Amounts falling due within one year | 10 | 1,769,704 | | 1,258,139 |
| Deferred income | 11 | 2,011,733 | | 2,684,216 |
| | | 3,781,437 | | 3,942,355 |
| NET CURRENT LIABILITIES | | | (1,494,410) | (1,704,579) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 20,853,707 | 20,646,515 |
| CREDITORS DUE AFTER MORE THAN ONE YEAR | 12 | | (6,120,000) | (6,760,000) |
| NET ASSETS | | | £14,733,707 | £13,886,515 |
| REPRESENTED BY UNRESTRICTED RESERVE | 13 | | £14,733,707 | £13,886,515 |

These accounts were approved by the Trustees at their meeting on 14 May 2010 and are signed on their behalf by

P D Forster
Chairman of Trustees

N J Crichton
Trustee

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# consolidated statement of financial activities

*for the year ended 31 December 2009*

| | Notes | £ | 2009 £ | 2008 £ |
|---|---|---|---|---|
| INCOMING RESOURCES | | | | |
| INCOMING RESOURCES FROM GENERATED FUNDS | | | | |
| ACTIVITIES FOR GENERATING FUNDS | | | | |
| Retail income | | 3,153,873 | | 2,942,007 |
| Royalties | | 845,469 | | 283,764 |
| Investment income- bank interest | | 1,056 | | 24,814 |
| Other income | | 18,498 | | 15,808 |
| Gain on disposal of fixed assets | | 6,075 | | 9,475 |
| | | | 4,024,971 | 3,275,868 |
| INCOMING RESOURCES FROM CHARITABLE ACTIVITIES | | | | |
| Golfing income | 2 | 8,830,738 | | 8,814,181 |
| Catering income | | 1,626,039 | | 1,384,322 |
| Rents receivable | | 6,824 | | 6,429 |
| Gain on disposal of fixed assets | | 13,090 | | 64,351 |
| | | | 10,476,691 | 10,269,283 |
| TOTAL INCOMING RESOURCES | | | 14,501,662 | 13,545,151 |
| RESOURCES EXPENDED | | | | |
| Costs of generating funds | | 3,487,738 | | 3,133,255 |
| Charitable activities | | 10,214,258 | | 9,435,808 |
| Governance costs | | 61,211 | | 63,334 |
| TOTAL RESOURCES EXPENDED | 4 | | 13,763,207 | 12,632,397 |
| NET INCOMING RESOURCES | | | 738,455 | 912,754 |
| RECONCILIATION OF FUNDS | | | | |
| Balance brought forward | | | 13,771,594 | 12,858,840 |
| BALANCE CARRIED FORWARD | 13 | | £14,510,049 | £13,771,594 |

All of the above results are derived from continuing operations. All gains and losses recognised in the year are included above.

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# consolidated balance sheet

*as at 31 December 2009*

| | Notes | £ | 2009 £ | 2008 £ |
|---|---|---|---|---|
| FIXED ASSETS | | | | |
| Tangible assets | 6 | | 22,293,612 | 22,655,235 |
| Intangible fixed assets | 7 | | 96,100 | 44,666 |
| | | | 22,389,712 | 22,699,901 |
| CURRENT ASSETS | | | | |
| Stocks | | 972,869 | | 953,737 |
| Debtors | 9 | 398,186 | | 373,451 |
| Cash at bank and in hand | | 985,310 | | 951,471 |
| | | 2,356,365 | | 2,278,659 |
| CREDITORS | | | | |
| Amounts falling due within one year | 10 | 1,891,528 | | 1,525,982 |
| Deferred income | 11 | 2,224,500 | | 2,920,984 |
| | | 4,116,028 | | 4,446,966 |
| NET CURRENT LIABILITIES | | | (1,759,663) | (2,168,307) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 20,630,049 | 20,531,594 |
| CREDITORS DUE AFTER MORE THAN ONE YEAR | 12 | | (6,120,000) | (6,760,000) |
| NET ASSETS | | | £14,510,049 | £13,771,594 |
| REPRESENTED BY: | | | | |
| UNRESTRICTED RESERVE | 13 | | £14,510,049 | £13,771,594 |

These accounts were approved by the Trustees at their meeting on 14 May 2010 and are signed on their behalf by

P D Forster
Chairman of Trustees

N J Crichton
Trustee

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# consolidated cash flow statement

*for the year ended 31 December 2009*

| | | 2009 | 2008 |
|---|---|---|---|
| | £ | £ | £ |
| **Net cash inflow from operating activities** | | 1,839,093 | 2,809,989 |
| **Servicing of finance** | | | |
| Interest receivable | 1,056 | | 24,814 |
| Interest payable | (337,212) | | (340,782) |
| | | (336,156) | (315,968) |
| **Financing Activities** | | | |
| Term loan from Royal Bank of Scotland- | | | |
| increase/(decrease) in long-term balance | (640,000) | | 1,910,000 |
| increase in amounts repayable in next 12 months | - | | 640,000 |
| | | (640,000) | 2,550,000 |
| **Investing activities** | | | |
| Payments to acquire tangible fixed assets | (777,863) | | (4,507,264) |
| Payments to acquire intangible fixed assets | (80,515) | | (52,393) |
| Receipts from sales of tangible fixed assets | 29,280 | | 133,521 |
| Net cash outflow from investing activities | | (829,098) | (4,426,136) |
| **Increase in cash and cash equivalents** | | £33,839 | £617,885 |

**NOTES TO THE CASH FLOW STATEMENT**

**1. Reconciliation of operating surplus to net cash**

| | 2009 £ | 2008 £ |
|---|---|---|
| Retained surplus from Consolidated Statement of Financial Activities | 738,455 | 912,754 |
| Adjust for net interest paid | 336,156 | 315,968 |
| Operating surplus | 1,074,611 | 1,228,722 |
| Depreciation charges net of gain/(loss) on sale | 1,110,206 | 910,296 |
| Amortisation of intangible assets | 29,081 | 7,727 |
| Increase in stocks | (19,132) | (63,193) |
| (Increase)/decrease in debtors | (24,735) | 194,064 |
| (Decrease)/increase in creditors and deferred income | (330,938) | 532,373 |
| **Net cash inflow from operating activities** | £1,839,093 | £2,809,989 |

**2. Analysis of changes in cash and cash equivalents during the year**

| | 2009 £ | 2008 £ |
|---|---|---|
| Balance at 1 January 2009 | 951,471 | 333,586 |
| Net cash inflow | 33,839 | 617,885 |
| Balance at 31 December 2009 | £985,310 | £951,471 |

**3. Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

| | **2009** | **2008** | **Change in the year** |
|---|---|---|---|
| Cash at bank and in hand | £985,310 | £951,471 | £33,839 |

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# notes to the accounts

*for the year ended 31 December 2009*

**1. ACCOUNTING POLICIES**

a) Accounting convention: the accounts are prepared under the historical cost convention.

b) Basis of preparation of accounts: the accounts are prepared in accordance with The Charities Accounts (Scotland) Regulations 2006 and follow the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005), issued by the Charities Commission (otherwise referred to as SORP).

c) Basis of consolidation: the consolidated accounts consist of St Andrews Links Trust and its wholly-owned companies. The gross turnover and expenditure of the wholly-owned companies are shown separately within the consolidated statement of financial activities. The assets and liabilities of the wholly-owned companies are included on a line-by-line basis within the consolidated balance sheet.

d) Turnover: turnover figures are stated net of Value Added Tax.

e) Incoming resources: income is generally recognised on a receivable basis where the amount is reasonably certain and there is adequate certainty of receipt, and is stated gross of related expenditure.

f) Resources expended: expenditure is accounted for on an accruals basis
- Costs of generating funds include the expenses of non-charitable trading activities
- Charitable activities comprise direct expenditure including direct staff costs attributable to charitable activities
- Governance costs include costs associated with constitutional and statutory requirements
- Support costs are allocated against the above categories on a basis consistent with the use of resources

g) Development expenditure: expenditure on projects carried out on land not owned by the Trust is treated as development expenditure unless the projects have income earning potential, in which case expenditure is capitalised as tenant's improvements. Major expenditure of a capital nature incurred on land and buildings owned by the Trust is capitalised and included in fixed assets.

h) Tangible fixed assets: tangible fixed assets are stated at original historic cost, including where appropriate the cost of irrecoverable VAT. Depreciation is provided as described more fully in note 1 j) below. Items with an original cost of less than £500 (excluding VAT) are not capitalised unless they are part of a larger pattern of expenditure.

i) Tenant's improvements: in the Trust's accounts, tenant's improvements are defined as expenditure of a capital nature and with income earning potential undertaken on land not owned by the Trust, for example, the Links Clubhouse and the Golf Practice Centre. Where the wholly-owned companies incur expenditure of a capital nature on land and buildings not owned by them, that expenditure is capitalised as tenant's improvements.

j) Depreciation: depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. Depreciation on buildings and tenant's improvements is charged from the date the underlying assets are first brought into use. Depreciation is charged on a straight line basis using the following rates:

| | |
|---|---|
| • Vehicles, plant and equipment | 20% |
| • Office furniture and equipment | 20% |
| • Heritable property, including alterations | 2% |
| • Tenant's improvements | 2% |

- No depreciation is provided on freehold land or the Trust's golf courses.

k) Patents and trade marks: St Andrews Links Limited incurs expenditure to register and protect trade marks and other intellectual properties. Where, in the opinion of the company's directors, the marks being registered have a reasonable probability of generating income, expenditure on those marks is capitalised as intangible fixed assets and amortised over three years on a straight line basis. An impairment review of all intangible fixed assets is carried out annually at the balance sheet date. Further information on intangible fixed assets is shown in Note 7 below. All other expenditure on trademark registrations and intellectual properties is written off to profit and loss account when incurred on the basis that future revenues are uncertain.

l) Grants received: grants received in respect of capital projects are offset against the cost of the relevant project. Depreciation is calculated on the project cost net of grants. Grants of a revenue or non-capital nature are credited to general reserves as income when received.

# notes to the accounts continued

*for the year ended 31 December 2009*

**1. ACCOUNTING POLICIES continued**

m) Operating leases: rentals applicable to operating leases are charged on a time basis over the lease term.

n) Donations: donations received are credited to the Statement of Financial Activities as received. Donations made are included within operating expenses.

o) Stocks: stocks are valued at the lower of original invoice cost or net realisable value.

p) Value Added Tax: the Trust is partially exempt for VAT purposes and is therefore unable to recover all of the input VAT it is charged on its purchases. In the case of irrecoverable VAT arising on the purchase of fixed assets, the irrecoverable VAT is capitalised and written off at the same rate and over the same period as is applicable to the asset purchased.

q) Taxation: the Trust is exempt from income and corporation taxes by virtue of its charitable status.

r) Foreign currency transactions: 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 applicable at the transaction date. All differences on exchange are taken to the Statement of Financial Activities.

s) Pensions: retirement benefits to employees of the Trust are provided primarily through the Fife Council superannuation scheme. This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Note 16 below gives further information regarding pension arrangements.

t) Support costs: support costs on generating funds are charged by the Trust to the wholly-owned companies. The amount charged for the year was £139,400 (2008 - £127,500). Support costs relating to governance are allocated on the basis described in notes 3 and 4 below. All other costs are regarded as directly related to the delivery of the charitable activity.

**2. ANALYSIS OF GOLFING INCOME**
Golfing income can be analysed as follows:-

| | Links Trust only | | Consolidated | |
|---|---|---|---|---|
| | **2009** **£** | **2008** **£** | **2009** **£** | **2008** **£** |
| Visitor green fees and Old Course premium | 6,035,776 | 6,415,091 | 6,965,087 | 7,047,292 |
| Yearly ticket revenue and annual contribution from The Royal and Ancient Golf Club | 826,997 | 815,538 | 1,000,199 | 944,894 |
| Other golfing income | 836,234 | 809,050 | 865,452 | 821,995 |
| | £7,699,007 | £8,039,679 | £8,830,738 | £8,814,181 |

'Other Golfing Income' includes revenues from the Golf Practice Centre, championship facility fees, trolley and buggy rental revenues, caddie fees, photography and other facility fees etc.

**3. ANALYSIS OF TOTAL RESOURCES EXPENDED- LINKS TRUST ONLY**

The table below analyses the resources expended by the Trust, as stated in the Trust's statement of financial activities

| | basis of allocation | Costs of generating funds £ | Charitable activities £ | Governance £ | Total 2009 £ | Total 2008 £ |
|---|---|---|---|---|---|---|
| Payroll costs (note 15) | Usage | - | 5,312,658 | 19,500 | 5,332,158 | 5,166,200 |
| Cost of goods sold and | | | | | | |
| catering non-payroll expenses | Usage | - | 652,509 | - | 652,509 | 617,079 |
| Operating expenses | Usage | - | 1,312,197 | 8,028 | 1,320,225 | 1,486,709 |
| Depreciation | Usage | - | 778,308 | - | 778,308 | 706,390 |
| Payments under operating leases | | | | | | |
| land and buildings | Usage | - | 4,300 | - | 4,300 | 4,300 |
| equipment | Usage | - | 2,690 | - | 2,690 | 3,587 |
| Contract Hire of equipment | Usage | - | - | - | - | 15,572 |
| Legal & professional fees | Usage | - | 79,298 | 17,008 | 96,306 | 102,751 |
| Auditors remuneration | | | | | | |
| audit work | Usage | - | - | 9,600 | 9,600 | 10,320 |
| other services | Usage | - | 2,120 | - | 2,120 | 1,100 |
| Development expenditure (note 5) | Usage | - | 485,517 | - | 485,517 | 372,154 |
| Bank interest | Usage | - | 337,210 | - | 337,210 | 340,782 |
| VAT not recoverable (note 1 p) | Usage | - | 115,649 | - | 115,649 | 151,773 |
| | | £- | £9,082,456 | £54,136 | £9,136,592 | £8,978,717 |

**4. ANALYSIS OF TOTAL RESOURCES EXPENDED- CONSOLIDATED**

The table below analyses the resources expended by the Trust and its wholly-owned companies, as stated in the consolidated statement of financial activities

| | Basis of allocation | Costs of generating funds £ | Charitable activities £ | Governance £ | Total 2009 £ | Total 2008 £ |
|---|---|---|---|---|---|---|
| Payroll costs (note 15) | Usage | 561,436 | 5,988,730 | 19,500 | 6,569,666 | 6,170,299 |
| Cost of goods sold and | | | | | | |
| catering non-payroll expenses | Usage | 1,385,071 | 739,125 | - | 2,124,196 | 1,944,952 |
| Operating expenses | Usage | 874,162 | 1,681,311 | 8,028 | 2,563,501 | 2,307,509 |
| Depreciation | Usage | 351,063 | 778,308 | - | 1,129,371 | 984,122 |
| Amortisation of intangible | | | | | | |
| fixed asset | Usage | 29,081 | - | - | 29,081 | 7,727 |
| Payments under operating leases | | | | | | |
| land and buildings | Usage | 148,020 | 4,300 | - | 152,320 | 152,108 |
| equipment | Usage | 13,800 | 2,690 | - | 16,490 | 16,812 |
| Contract Hire of equipment | Usage | - | - | - | - | 15,572 |
| Legal & professional fees | Usage | 121,803 | 79,298 | 17,008 | 218,109 | 148,777 |
| Auditors remuneration | | | | | | |
| audit work | Usage | - | - | 16,675 | 16,675 | 16,845 |
| other services | Usage | 3,300 | 2,120 | - | 5,420 | 2,965 |
| Development expenditure (note 5) | Usage | - | 485,517 | - | 485,517 | 372,154 |
| Bank interest | Usage | 2 | 337,210 | - | 337,212 | 340,782 |
| VAT not recoverable (note 1 p) | Usage | - | 115,649 | - | 115,649 | 151,773 |
| | | £3,487,738 | £10,214,258 | £61,211 | £13,763,207 | £12,632,397 |

# notes to the accounts continued

*for the year ended 31 December 2009*

**5. DEVELOPMENT EXPENDITURE**

All development expenditure is incurred by St Andrews Links Trust. The wholly-owned companies have no expenditure of this nature. Expenditure can be analysed as follows;-

| | **2009 £** | **2008 £** |
|---|---|---|
| Contribution to West Sands Road improvements | 450,000 | - |
| Greenkeeping Centre improvements | 15,637 | 167,112 |
| Irrigation schemes | - | 2,198 |
| Roads and pathways | 1,782 | 102,137 |
| Coastal Protection | 9,133 | 86,198 |
| General development work | 8,965 | 14,509 |
| | £485,517 | £372,154 |

**6. FIXED ASSETS**

i) LINKS TRUST ONLY

| | **Land and Buildings £** | **Tenant's Improve-ments £** | **Vehicles, Plant and Equipment £** | **Office Furniture and Equipment £** | **Total £** |
|---|---|---|---|---|---|
| COST | | | | | |
| At 1 January 2009 | 16,253,567 | 4,688,226 | 3,045,938 | 1,551,179 | 25,538,910 |
| Additions | 19,638 | 391,061 | 199,552 | 125,283 | 735,534 |
| Disposals | - | (1,141) | (88,032) | (215) | (89,388) |
| At 31 December 2009 | £16,273,205 | £5,078,146 | £3,157,458 | £1,676,247 | £26,185,056 |
| DEPRECIATION | | | | | |
| At 1 January 2009 | 346,603 | 1,075,374 | 1,596,119 | 1,170,720 | 4,188,816 |
| Charge for year | 129,771 | 97,370 | 411,412 | 139,755 | 778,308 |
| Disposals | - | (34) | (80,108) | (43) | (80,185) |
| At 31 December 2009 | £476,374 | £1,172,710 | £1,927,423 | £1,310,432 | £4,886,939 |
| NET BOOK VALUE | | | | | |
| At 31 December 2009 | £15,796,831 | £3,905,436 | £1,230,035 | £365,815 | £21,298,117 |
| At 31 December 2008 | £15,906,964 | £3,612,852 | £1,449,819 | £380,459 | £21,350,094 |

**6. FIXED ASSETS continued**

ii) CONSOLIDATED

| | Land and Buildings £ | Tenant's Improve-ments £ | Vehicles, Plant and Equipment £ | Office Furniture and Equipment £ | Total £ |
|---|---|---|---|---|---|
| COST | | | | | |
| At 1 January 2009 | 16,253,567 | 4,963,913 | 3,841,592 | 2,657,476 | 27,716,548 |
| Additions | 19,638 | 391,061 | 227,774 | 139,390 | 777,863 |
| Disposals | - | (1,141) | (117,234) | (410) | (118,785) |
| At 31 December 2009 | £16,273,205 | £5,353,833 | £3,952,132 | £2,796,456 | £28,375,626 |
| DEPRECIATION | | | | | |
| At 1 January 2009 | 346,603 | 1,078,131 | 1,971,309 | 1,665,270 | 5,061,313 |
| Charge for year | 129,771 | 102,884 | 544,051 | 352,665 | 1,129,371 |
| Disposals | - | (34) | (108,554) | (82) | (108,670) |
| At 31 December 2009 | £476,374 | £1,180,981 | £2,406,806 | £2,017,853 | £6,082,014 |
| NET BOOK VALUE | | | | | |
| At 31 December 2009 | £15,796,831 | £4,172,852 | £1,545,326 | £778,603 | £22,293,612 |
| At 31 December 2008 | £15,906,964 | £3,885,782 | £1,870,283 | £992,206 | £22,655,235 |

**7. INTANGIBLE FIXED ASSETS**

St Andrews Links Limited incurs expenditure on developing and protecting trademarks and other intellectual properties. Where, in the opinion of the directors, this expenditure is likely to result in the successful registration of a mark with revenue earning potential, that expenditure is capitalised and amortised on a straight line basis over three years. The following table analyses the intangible fixed asset balance shown in the accounts-

| | Trademarks and Intellectual Properties £ |
|---|---|
| COST | |
| At 1 January 2009 | 52,393 |
| Additions | 80,515 |
| At 31 December 2009 | £132,908 |
| AMORTISATION | |
| At 1 January 2009 | 7,727 |
| Charge for year | 29,081 |
| At 31 December 2009 | £36,808 |
| NET BOOK VALUE | |
| At 31 December 2009 | £96,100 |
| At 31 December 2008 | £44,666 |

As at 31 December 2009 an impairment review was carried out in accordance with accounting standards. In the opinion of the directors, no further amortisation is required in respect of the year ended 31 December 2009.

# notes to the accounts continued

*for the year ended 31 December 2009*

**8. INVESTMENT IN WHOLLY-OWNED COMPANIES**

The Trust owns the entire issued share capital of three unlisted limited companies. Each company remits its taxable profits to the Trust through Gift Aid arrangements. The value attributable to each company in the accounts of the Trust is equal to the nominal value of the issued share capital of the company. In the opinion of the Trustees, each company has a value at least equivalent to this carrying value. The results of all of the wholly-owned companies are included in the consolidated financial statements.

The following notes describe the activities of each wholly-owned company.

i) St Andrews Links Limited
Formed in 1994, this company receives royalties and other income derived from the exploitation of trade marks and other intellectual properties belonging to the Trust. The company bears the costs of protecting and developing the Trust's portfolio of registered trade marks and intellectual properties. The issued share capital of the company at 31 December 2008 was £1,000. In January 2009 the Trust subscribed for a further 49,000 Ordinary shares, to rank pari passu with the existing issued shares, taking its total investment to £50,000.

ii) St Andrews Links Golf Shops Limited
Formed in 1999, the company undertakes retailing activities, selling predominantly goods bearing the Trust's logo. The company operates three retail outlets, two within property belonging to the Trust and one leased from an unrelated third party. The company also leases warehouse space in St Andrews. The issued share capital of the company at 31 December 2008 and 2009 was £500,000.

iii) The Castle Course St Andrews Limited
Formed in 2005, the company leases The Castle Course from the Trust and operates the course under contract from the Trust. The company commenced trading on 28 June 2008 when The Castle Course opened for public play. The issued share capital of the company as at 31 December 2008 and 2009 was £500,000.

**9. DEBTORS**

The total debtors figures shown in the balance sheets can be analysed as follows;-

| | Links Trust only | | Consolidated | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| | **£** | **£** | **£** | **£** |
| Trade debtors | 34,982 | 10,317 | 52,835 | 37,767 |
| Amounts due by St Andrews Links Limited | 19,058 | 19,038 | - | - |
| Amounts due by St Andrews Links Golf Shops Limited | 1,068,127 | 1,145,228 | - | - |
| Amounts due by The Castle Course St Andrews Limited | - | 18,731 | - | - |
| Prepayments | 188,070 | 159,800 | 336,236 | 293,434 |
| Taxation and Social Security | - | - | 9,115 | 42,250 |
| | £1,310,237 | £1,353,114 | £398,186 | £373,451 |

Loan account balances with the wholly-owned companies are unsecured. Interest is charged on the loan accounts payable to the Trust. Interest charges are calculated based on the average balance outstanding on a monthly basis at the interest rates applicable to the Trust's own borrowings.

**10. CREDITORS: Amounts falling due within one year**

The total creditors figures shown in the balance sheets can be analysed as follows;-

| | Links Trust only | | Consolidated | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| | **£** | **£** | **£** | **£** |
| Trade creditors | 121,845 | 112,911 | 219,990 | 228,548 |
| Current portion of Term Loan | 640,000 | 640,000 | 640,000 | 640,000 |
| Amounts due to The Castle Course St Andrews Limited | 165,323 | - | - | - |
| Taxation and Social Security | 184,261 | 178,557 | 224,116 | 211,549 |
| Accruals | 658,275 | 326,671 | 807,422 | 445,885 |
| | £1,769,704 | £1,258,139 | £1,891,528 | £1,525,982 |

**11. DEFERRED INCOME**

The following items are treated as deferred income:
i) payments received in advance to confirm reservations for play in the following year,
ii) the unexpired portion of yearly ticket revenues and the annual contribution from the Royal and Ancient Golf Club
iii) tournament and championship facility fees paid in advance

The total of deferred income on the Links Trust's balance sheet at 31 December 2009 was £2,011,733 (2008 - £2,684,216). On the consolidated balance sheet, deferred income was £2,224,500 (2008 - £2,920,984). Deferred income is transferred to revenue in the months to which it relates.

**12. CREDITORS DUE AFTER MORE THAN ONE YEAR**

The total of all liabilities due after more than one year is £6,120,000 (2008 - £6,760,000), which can be analysed as follows:-

**i) Interest-free long term loans**

a) During 1994 and 1996 The Royal and Ancient Golf Club advanced interest-free loans in the aggregate amount of £1,000,000. These loans were subsequently assigned by The Royal and Ancient Golf Club to R&A Trust Company (No 1) Limited. The loans will be repaid in four equal annual instalments between 1 July 2016 and 1 July 2019.
b) During 2005 The R&A Foundation advanced an interest-free loan in the amount of £1,000,000. This loan will be repaid in five equal annual instalments between 1 July 2011 and 1 July 2015.

**ii) Term Loan from Royal Bank of Scotland plc**

In May 2006 the Trustees entered a loan agreement with The Royal Bank of Scotland plc under which the bank agreed to make available up to £6.4 million of development funding to enable Trustees to complete the construction of The Castle Course. The development loan was not secured over any of the Trust's property, but a guarantee was given in respect of the loan by The Castle Course St Andrews Limited.

On 31 May 2008, £5,400,000, was converted into a term loan, repayable in thirty-six quarterly instalments, the first of which occurred on 31 March 2009.

As at 31 December 2009 the total amount repayable was £4,760,000. Repayments due in 2010, which total £640,000, have been included within current liabilities and the remaining amount of the term loan, £4,120,000, is included in creditors due after more than one year.

Of the total balance outstanding of £4,760,000, £3,900,000 carries a fixed rate of interest of 7.35% and £860,000 bears interest at the rate of 1.5% above Royal Bank of Scotland's LIBOR rate.

**13. UNRESTRICTED RESERVES (RETAINED SURPLUS)**

Unrestricted reserves represent the aggregate of all surpluses earned by the Trust (or, in the case of the consolidated financial statements, the Trust and its wholly-owned companies). Unrestricted reserves bear no relationship whatever to cash or bank facilities available to the Trust or the wholly-owned companies.

| Movements on unrestricted reserves can be analysed as follows:- | Links Trust only | | Consolidated | |
|---|---|---|---|---|
| | **2009** **£** | **2008** **£** | **2009** **£** | **2008** **£** |
| Net incoming resources | 847,192 | 927,730 | 738,455 | 912,754 |
| Unrestricted Reserves brought forward at 1 January | 13,886,515 | 12,958,785 | 13,771,594 | 12,858,840 |
| Unrestricted Reserves carried forward at 31 December | £14,733,707 | £13,886,515 | £14,510,049 | £13,771,594 |

**14. ST ANDREWS LINKS JUNIOR GOLF ASSOCIATION**

St Andrews Links Junior Golf Association (SALJGA) was set up by the Trustees in 2002 to continue and expand existing town initiatives to encourage the development of junior golf in St Andrews. Membership is open to any child, aged 5 to 18, residing in or attending school in St Andrews. Members receive coaching from both professional and trained volunteer coaches, each of whom has received specialist training in golf tuition and child protection. The Trust underwrites the costs of the SALJGA programme, although some funds are generated through membership subscriptions, events and other sponsorships, and in 2009 The R&A Foundation made a grant to the Trust of £12,500 (2008 - £12,500), which the Trustees applied against SALJGA costs. In 2009 the net cost to the Trust was £38,520 (2008 - £31,706).

# notes to the accounts continued

*for the year ended 31 December 2009*

**15. EMPLOYEES AND THEIR REMUNERATION**

a) Links Trust

The average number of employees during the year ended 31 December 2009 was 251 (2008 – 251), and their aggregate remuneration, including the cost of pension contributions actually paid, employer's National Insurance and benefits in kind was £5,537,082 (2008 - £5,474,786). This figure differs from the payroll cost shown in Note 3 above because it includes an aggregate of £204,924 (2008 - £308,586) in respect of payroll costs incurred by the Trust in respect of staff charged to the wholly-owned companies, tournaments and SALJGA and, in 2008, payroll costs capitalised as part of the development of The Castle Course.

b) Consolidated

The average number of employees of the Trust and its wholly-owned companies during the year ended 31 December 2009 was 281 (2008 – 284), and their aggregate remuneration, including the cost of pension contributions actually paid, employers National Insurance and benefits in kind was £6,612,323 (2008 - £6,396,131). This figure differs from the payroll cost shown in Note 4 above because it includes payroll costs incurred by the Trust in respect of staff charged to tournaments and SALJGA.

Aggregate consolidated payroll costs can be analysed as follows:-

| | 2009<br>£ | 2008<br>£ |
|---|---|---|
| Salaries and benefits in kind | 5,573,688 | 5,439,226 |
| Social security costs | 403,103 | 415,638 |
| Pensions and death benefits | 635,532 | 541,267 |
| | £6,612,323 | £6,396,131 |

The numbers of employees whose pay and taxable benefits exceed £60,000 fell within the following bands were:-

| | 2009 | 2008 |
|---|---|---|
| £60,000 - £69,999 | 2 | 2 |
| £70,000 - £79,999 | 2 | 2 |
| £80,000 - £89,999 | nil | 1 |
| £90,000 - £99,999 | 1 | nil |
| £130,000 - £139,999 | 1 | 1 |
| | 6 | 6 |

Some of the above employees participated in defined contribution pension schemes described more fully in Note 16 below. Contributions of £45,648 (2008 - £35,874) were made into that scheme in respect of these employees.

**16. PENSIONS**

The Trust is an "Admitted Body" in terms of the Fife Council Superannuation Scheme and, subject to meeting certain eligibility criteria, Trust employees have access to that scheme. Contributions are charged to revenue as they are incurred. The total cost of contributions paid to the Fife Council Superannuation Scheme amounted to £723,711 (2008 - £604,341). Of these contributions, £534,597 (2008- £443,582) was in respect of employer contributions and £189,114 (2008 - £160,759) in respect of employee contributions.

The Fife Council scheme is a defined benefits scheme. The last actuarial valuation of the scheme was performed as at 31 March 2008 using the projected unit method and assuming investment returns of 6.1% per annum, a salary scale increase of 5.1% per annum and long term pension increases of 3.6% per annum. The market valuation of pension fund assets at the date of the last valuation was £1,063 million, and the proportion of members' accrued benefits covered by the actuarial valuation was 81%.

**16. PENSIONS continued**
The Trust is unable to identify the share of scheme assets and liabilities relating to Trust staff and pensioners and has therefore accounted for the scheme as if it were a defined contribution scheme. The Trustees are obliged to make employers contributions in respect of all employees who are members of the scheme at rates set by the scheme's trustees. The contribution rate is set for each scheme year commencing on 1 April annually.

Separate defined contribution (including stakeholder) pension facilities are available to employees who are not eligible or do not wish to join the Fife Council scheme. The total amount of contributions, including employees' personal contributions to such schemes during the year was £309 (2008 - £5,442).

Some members of staff have access to a further defined contribution scheme, contributions to which, including employees' personal contributions, amounted to £72,985 (2008 - £65,783).

**17. TRUSTEE AND LINKS MANAGEMENT COMMITTEE REMUNERATION**
Trustees and members of the Links Management Committee do not receive any remuneration. During 2009 travel and incidental expenses totalling £2,028 were reimbursed to three Trustees (2008 - £3,157 to two Trustees).

As part of its overall insurance cover, the Trust has Directors & Officers Liability Insurance. Trustees, members of the Links Management Committee and members of staff are covered by this policy. The proportion of the cost of such cover which is attributable to Trustees cannot be ascertained, but is not material.

**18. OBLIGATIONS UNDER OPERATING LEASES**
The amounts payable in the next year in respect of non-cancellable operating leases are analysed below:-

| | Land and Buildings | | Other | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| i) Links Trust only | **£** | **£** | **£** | **£** |
| Operating leases with expiry date- | | | | |
| Within one year | £1,075 | £4,300 | £- | £2,690 |
| ii) Consolidated | | | | |
| Operating leases with expiry date- | 1,075 | 4,300 | - | 2,690 |
| Within one year | 148,865 | 145,693 | - | - |
| More than five years | £149,940 | £149,993 | £- | £2,690 |

**19. FUTURE CAPITAL COMMITMENTS AND PLANNED CAPITAL AND DEVELOPMENT EXPENDITURE**
The following capital and development expenditure has been authorised or contracted for as at 31 December 2009:-

| | Links Trust only | | Consolidated | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| | **£** | **£** | **£** | **£** |
| a) Contracted for but not yet incurred | £131,000 | £297,868 | £131,000 | £297,868 |
| b) Authorised but not yet contracted for | £455,500 | £513,332 | £578,700 | £944,832 |

# reference and administrative information

*as at 31 December 2009*

**1. Trustees**

The following persons have served as Trustees during the year ended 31 December 2009. The appointing body for each Trustee is noted below.

| | |
|---|---|
| P D Forster (Chairman) | The Royal and Ancient Golf Club |
| Councillor A Arbuckle | Fife Council |
| Sir W M Campbell | MP for North East Fife |
| N J Crichton | The Royal and Ancient Golf Club |
| Mrs K Ferguson | Fife Council (Appointed 1 January 2009) |
| Councillor Mrs F M Melville | Fife Council |
| Professor R Morrison | The Royal and Ancient Golf Club |
| K D Stewart | The Scottish Government (Appointed 1 January 2009) |

On 31 December 2009 P D Forster and Councillor Mrs F M Melville reached the end of their terms of appointment and both were reappointed for a further term.

At the first Trustees' Meeting of 2010 P D Forster was re-elected Chairman of Trustees.

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*(Back Row, L-R) K Ferguson, Sir M Campbell, N Crichton, Cllr A Arbuckle, Cllr F Melville*
*(Front Row, L-R) K Stewart, P Forster, Professor R Morrison*

**2. Links Management Committee**

The following persons have served on the Links Management Committee during the year ended 31 December 2009. The appointing body for each member is noted below.

| | |
|---|---|
| Dr J A Mills (Chairman) | The Royal and Ancient Golf Club |
| M Cordner | Fife Council |
| Mrs D Kennedy | The Royal and Ancient Golf Club |
| Councillor D Morrison | Fife Council |
| K J Mullins | Fife Council |
| R A R Philip | The Royal and Ancient Golf Club (Appointed 1 January 2009) |
| Councillor W Sangster | Fife Council |
| Dr E Thain | The Royal and Ancient Golf Club |

On 31 December 2009 Dr J A Mills, Councillor D Morrison, K J Mullins and R A R Philip reached the end of their terms of appointment and all were reappointed for a further term.

At the first Links Management Committee meeting of 2010, Dr J A Mills was re-elected Chairman of the Committee.

*(Back row; L-R) Dr E Thain, K Mullins, R Philip, M Cordner*
*(Front row; L-R) D Kennedy, Dr J Mills (Chairman), Cllr W Sangster*
*(Inset above) Cllr D Morrison*

# reference and administrative information continued

*as at 31 December 2009*

**3. Address of Administrative Offices**

| | |
|---|---|
| The Trust's offices are located at: | Pilmour House<br>St Andrews<br>Fife, KY16 9SF<br>Telephone 01334 466666 |

**4. Auditors**

| | |
|---|---|
| The Trust's auditors are: | Henderson Loggie<br>Royal Exchange<br>Panmure Street<br>Dundee, DD1 1DZ |

**5. Bankers**

| | |
|---|---|
| The Trust's bankers are: | Royal Bank of Scotland plc<br>113-115 South Street<br>St Andrews<br>Fife, KY16 9QB |

**6. Lawyers**

| | |
|---|---|
| The Trust's lawyers are: | Murray Donald Drummond Cook llp<br>Kinburn Castle<br>St Andrews<br>Fife, KY16 9DR. |

**7. Charity Registration Number**

St Andrews Links Trust is a registered Scottish Charity. The registered charity number is SC006161.

**8. Statement of Trustees' Responsibilities in respect of the Accounts**

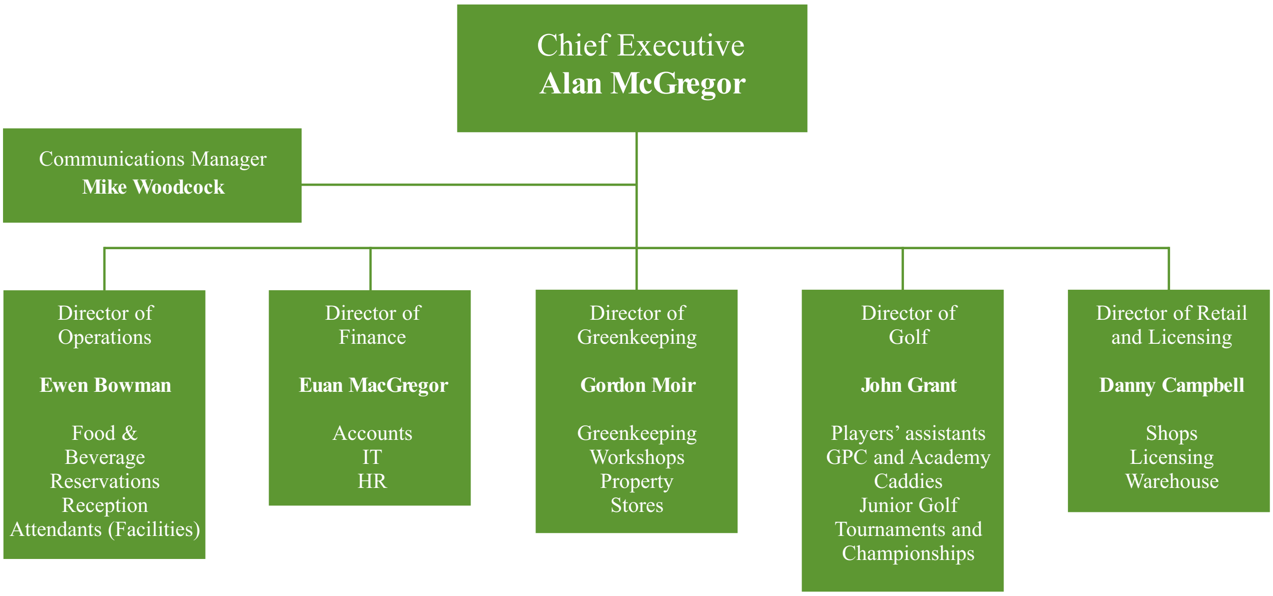
The Trustees are required to prepare financial statements for each accounting period which comply with The Charities Accounts (Scotland) Regulations, 2006 and the St Andrews Links Order Confirmation Act, 1974. These must give a true and fair view of the state of affairs of the Trust and the group and of the surplus or deficit of the Trust and the group for that period. The Trustees have delegated the preparation of the financial statements to the Management Team of the Trust and required them to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare financial statements on the going concern basis where appropriate

The Trustees have also delegated to the Management Team the responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and the group, as well as a responsibility for safeguarding the assets of the Trust and the group and for taking reasonable steps for the prevention of fraud and other irregularities.

**9. Organisation Chart**

Day-to-day management of the Trust is carried out by a full-time Management Team. The senior members of that team, and their areas of responsibility, are shown below.



# unaudited statistical analysis

*prepared from consolidated financial statements*

**FIVE YEAR ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

| | 2009 £ | 2008 £ | 2007 £ | 2006 £ | 2005 £ |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Golfing income | 8,830,738 | 8,814,181 | 8,221,955 | 7,848,744 | 6,699,123 |
| Catering income | 1,626,039 | 1,384,322 | 1,251,605 | 1,217,223 | 1,221,174 |
| Retail income | 3,153,873 | 2,942,007 | 2,871,558 | 2,720,917 | 1,897,231 |
| Royalties and donations | 845,469 | 283,764 | 240,669 | 211,692 | 158,320 |
| Other non-golfing income | 18,498 | 15,808 | 66,326 | 5,226 | 135,744 |
| Gain on disposal of fixed assets | 19,165 | 73,826 | 25,940 | 18,960 | 4,740 |
| Rents receivable | 6,824 | 6,429 | 7,003 | 5,424 | 4,587 |
| Interest receivable | 1,056 | 24,814 | 20,196 | 22,023 | 31,767 |
| | 14,501,662 | 13,545,151 | 12,705,252 | 12,050,209 | 10,152,686 |
| **EXPENDITURE** | | | | | |
| Payroll | 6,569,666 | 6,170,299 | 5,325,964 | 5,295,187 | 5,024,904 |
| Catering non-payroll costs and goods for resale | 2,124,196 | 1,944,952 | 1,976,826 | 1,809,628 | 1,468,473 |
| General expenses | 2,737,731 | 2,479,394 | 2,009,762 | 1,715,385 | 1,428,993 |
| Depreciation | 1,129,371 | 984,122 | 742,881 | 705,762 | 586,635 |
| Loss on disposal of fixed assets | - | - | 7,642 | - | - |
| Amortisation of intangible asset | 29,081 | 7,727 | - | 9,726 | 4,864 |
| Contract hire | - | 15,572 | 93,434 | 93,433 | 87,911 |
| Legal & professional | 218,109 | 148,777 | 118,743 | 92,572 | 140,895 |
| Audit fees | 16,675 | 16,845 | 14,300 | 13,640 | 13,250 |
| Interest payable | 337,212 | 340,782 | 190,364 | 68,865 | 743 |
| Irrecoverable VAT | 115,649 | 151,773 | 146,513 | 111,601 | 76,464 |
| Total revenue account expenditure | 13,277,690 | 12,260,243 | 10,626,429 | 9,915,799 | 8,833,132 |
| Development expenditure | 485,517 | 372,154 | 47,614 | 39,176 | 40,824 |
| | 13,763,207 | 12,632,397 | 10,674,043 | 9,954,975 | 8,873,956 |
| **Retained surplus** | **£738,455** | **£912,754** | **£2,031,209** | **£2,095,234** | **£1,278,730** |

**FIVE YEAR BALANCE SHEET SUMMARY**

| | 2009 £ | 2008 £ | 2007 £ | 2006 £ | 2005 £ |
|---|---|---|---|---|---|
| TANGIBLE FIXED ASSETS | 22,293,612 | 22,655,235 | 19,191,788 | 16,371,706 | 11,322,467 |
| INTANGIBLE ASSETS | 96,100 | 44,666 | - | - | 9,726 |
| CURRENT ASSETS | | | | | |
| Stock | 972,869 | 953,737 | 890,544 | 817,418 | 234,141 |
| Debtors | 398,186 | 373,451 | 567,515 | 413,965 | 195,134 |
| Cash at bank and in hand | 985,310 | 951,471 | 333,586 | 155,940 | 1,285,354 |
| | 2,356,365 | 2,278,659 | 1,791,645 | 1,387,323 | 1,714,629 |
| CURRENT LIABILITIES | | | | | |
| Bank term loan-current repayments | 640,000 | 640,000 | - | - | - |
| Creditiors | 1,251,528 | 885,982 | 756,800 | 1,030,872 | 456,875 |
| Deferred income | 2,224,500 | 2,920,984 | 2,517,793 | 1,900,526 | 1,857,550 |
| | 4,116,028 | 4,446,966 | 3,274,593 | 2,931,398 | 2,314,425 |
| NET CURRENT LIABILITIES | (1,759,663) | (2,168,307) | (1,482,948) | (1,544,075) | (599,796) |
| LONG-TERM LIABILITIES | (6,120,000) | (6,760,000) | (4,850,000) | (4,000,000) | (2,000,000) |
| NET ASSETS | £14,510,049 | £13,771,594 | £12,858,840 | £10,827,631 | £8,732,397 |
| REPRESENTED BY UNRESTRICTED RESERVE | £14,510,049 | £13,771,594 | £12,858,840 | £10,827,631 | £8,732,397 |

**FIVE YEAR ANALYSIS OF ROUNDS PLAYED ON THE TRUST'S 18-HOLE COURSES**

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| By local golfers | 102,338 | 103,258 | 102,718 | 105,801 | 99,564 |
| By visiting golfers | 93,424 | 93,389 | 91,189 | 94,789 | 76,684 |
| Total rounds | 195,762 | 196,647 | 193,907 | 200,590 | 176,248 |

# St Andrews Links Trust

Cover photograph: the Links Clubhouse and the 18th green of the New Course.

ST ANDREWS LINKS TRUST • PILMOUR HOUSE • ST ANDREWS • FIFE • KY16 9SF • SCOTLAND
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