

**THE RACEHORSE OWNERS
ASSOCIATION
(A Company Limited by Guarantee)**

Report and Financial Statements

31 March 2007



THE RACEHORSE OWNERS ASSOCIATION
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

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THE RACEHORSE OWNERS ASSOCIATION
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND MEMBERS OF THE COUNCIL

PRESIDENT

S Crown *

VICE PRESIDENT

P Dixon

HONORARY TREASURER

S Astaire

OTHER MEMBERS OF THE COUNCIL

Mrs D J Arstall

G B Balding

I A Balding

P D Cundell

P Deal

A Guthrie

A Hirschfeld

Ms R Hood

S Molloy

Sir Eric Parker

Mrs S Rowley-Williams

Professor D B Silk

C Spencer-Phillips

CHIEF EXECUTIVE

M K J Harris

* Resigning Wednesday, 27 June 2007

THE RACEHORSE OWNERS ASSOCIATION
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REPORT OF THE OFFICERS OF THE COUNCIL

The Officers of the Council present their report and the audited financial statements for the year ended 31 March 2007

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985

PRINCIPAL ACTIVITY

The principal activity of the Association continues to be the promotion and protection of the interests of racehorse owners funded through membership subscriptions

RESULTS AND FUTURE PROSPECTS

The Association generated a surplus after tax of £21,061 (2006 - surplus of £4 399) which has been transferred to reserves

The Officers of the Council are confident that the Association will again generate a small surplus in 2007/08 based on current forecasts

OFFICERS AND DIRECTORS

A full list of current Council Officers and other members of Council is shown on page 1

The President, Vice President, Honorary Treasurer and other members of the Council are all directors of the company

Changes in the Council and Officers since the last AGM are noted below

Chris Deuters	(retired 1 September 2006)
Janet Menzies	(resigned 16 November 2006)
Patrick Whitten	(resigned 28 January 2007)
Carrie Zetter-Wells	(resigned 30 January 2007)
Terry Neill MBE	(resigned 29 June 2006)
Ian Balding	(appointed 29 June 2006)
Stephen Molloy	(appointed 29 June 2006)

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

STATEMENT ON INFORMATION GIVEN TO AUDITORS

Each Officer of the Council at the time of approval of this report confirms

- a) so far as the officer is aware there is no relevant audit information of which the auditors are unaware and
- b) he/she has taken all the steps that he/she ought to have taken as an Officer of the Council in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

THE RACEHORSE OWNERS ASSOCIATION
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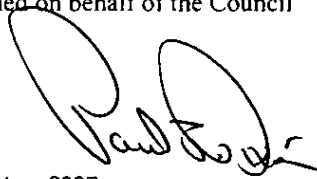
REPORT OF THE OFFICERS OF THE COUNCIL (continued)

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Council

Signed on behalf of the Council

A handwritten signature in black ink, appearing to read 'Paul Toor', is written over the text 'Signed on behalf of the Council'.

22 May 2007

THE RACEHORSE OWNERS ASSOCIATION
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STATEMENT OF THE RESPONSIBILITIES OF THE OFFICERS OF THE COUNCIL

The Officers of the Council are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Officers of the Council to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the Officers of the Council are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Officers of the Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE RACEHORSE OWNERS ASSOCIATION
(A Company Limited by Guarantee)**

We have audited the financial statements of the Racehorse Owners Association for the year ended 31 March 2007 which comprise the income and expenditure account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 the Officers of the Council and auditors

The Officers of the Council's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Officers of the Council.

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

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 whether, in our opinion, the information given in the report of the Officers of the Council is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 Council Members' remuneration and other transactions is not disclosed.

We read the Report of the Officers of the Council 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 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 financial statements. It also includes an assessment of the significant estimates and judgements 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE RACEHORSE OWNERS ASSOCIATION
(A Company Limited by Guarantee) (continued)**

Qualified opinion arising from disagreement about accounting treatment

The company's policy on subscription income is to fully recognise it upon receipt

This policy conflicts with Application note G to Financial Reporting Standard ('FRS') 5 *Reporting the substance of transactions* that indicates that when the company receives subscription income from a member in advance it should be recognised as a liability of an equal amount. Over the period to which the subscription relates the liability should be proportionately reduced and recognised as revenue. Accordingly, in our view, the company's choice of accounting policy does not comply with FRS 5 and the amounts shown in turnover and surplus for the year are both overstated by £71,985, accruals and deferred income are understated by £532,840 and opening accumulated funds are overstated by £460,855.

Except for the failure to recognise revenue under an appropriate recognition policy as described above in our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its surplus for the year then ended and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

In our opinion

- the information given in the report of the Officers of the Council is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge United Kingdom

24 May 2007

THE RACEHORSE OWNERS ASSOCIATION
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INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2007

	Note	2007 £	2006 £
INCOME continuing operations	2	1,296,798	1,151,763
Administrative expenses		<u>(1,277,385)</u>	<u>(1,152,534)</u>
OPERATING SURPLUS (DEFICIT): continuing operations	4	19,413	(771)
Interest receivable		<u>2,034</u>	<u>5,170</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		21,447	4,399
Tax on surplus on ordinary activities	5	<u>386</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR		21,061	4,399
Retained surplus brought forward		<u>300,608</u>	<u>296,209</u>
Retained surplus carried forward		<u><u>321,669</u></u>	<u><u>300,608</u></u>

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the income and expenditure account

Any member of the ROA who wishes to have a copy of the detailed income and expenditure accounts should contact the ROA offices on 020 7408 0903

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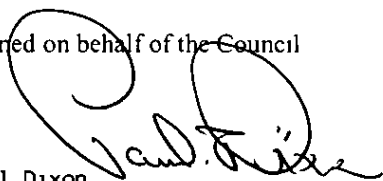
BALANCE SHEET
31 March 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	7 591	15 681
Investments	7	77	77
		<u>7 668</u>	<u>15 758</u>
CURRENT ASSETS			
Debtors	8	323 896	266 205
Cash at bank and in hand		263 677	148,126
		<u>587,573</u>	<u>414,331</u>
CREDITORS amounts falling due within one year	9	(273 572)	(129,481)
NET CURRENT ASSETS		<u>314 001</u>	<u>284 850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>321,669</u>	<u>300 608</u>
RESERVES			
Accumulated funds		<u>321 669</u>	<u>300 608</u>

These financial statements were approved by the Members of the Council on 22 May 2007.

Signed on behalf of the Council

Paul Dixon



THE RACEHORSE OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards except as noted below. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

Group accounts have not been prepared as the company qualifies under Section 248 of the Companies Act 1985 as a small group.

Members' subscriptions

Members' subscriptions are accounted for on a cash basis. This does not comply with Application Note G of FRS 5.

The members of the Council have been advised by Deloitte & Touche LLP that in accordance with the above Financial Reporting Standard the company should account for subscription income on an "accruals basis" rather than a "cash received" basis. However, the ROA Council has decided not to implement this change and accept a qualified audit report. Subscription received are not refundable except at the discretion of the Council.

Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Computer equipment	25% per annum on cost
Office equipment and furniture	25% per annum on cost

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Pension costs

The Association operates a defined contribution pension scheme. The charge against profits represents the amount of contributions paid in respect of the year. There were no contributions outstanding or prepaid at the balance sheet date.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

2 INCOME

Income represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities.

The income which arises in the United Kingdom is attributable to the Company's principal activity.

THE RACEHORSE OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

3 INFORMATION REGARDING COUNCIL MEMBERS AND EMPLOYEES

	2007 £	2006 £
Council members remuneration		
Emoluments	20,000	-
No Council member was a member of the Association's defined contribution pension scheme		
	2007 No	2006 No
Average number of persons employed		
Administration	6	5
	£	£
Staff costs during the year		
Salaries	304,798	257,276
Social security costs	32,435	31,881
Other pension costs	25,948	18,393
	<u>363,181</u>	<u>307,550</u>

4. OPERATING SURPLUS (DEFICIT)

	2007 £	2006 £
Operating surplus (deficit) is after charging:		
Depreciation		
Owned assets	10,020	10,104
Rentals under operating leases		
Other operating leases	85,213	69,775
Auditors' remuneration	8,100	7,450
	<u></u>	<u></u>

5. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2007 £	2006 £
United Kingdom corporation tax	386	-
	<u></u>	<u></u>

The Association is liable to corporation tax at the average rate of 19% (2006 - 19%) on interest received

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK (19%). The differences are explained below

	2007 %	2006 %
Standard tax rate for year as a percentage of surplus	19	19
Effects of		
Non taxable/non allowable	(17)	(19)
Current tax rate for year as a percentage of surplus	<u>2</u>	<u>-</u>

THE RACEHORSE OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

6 TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment and furniture £	Total £
Cost			
At 1 April 2006	48 205	32,114	80 319
Additions	1,930	-	1 930
At 31 March 2007	50 135	32,114	82,249
Accumulated depreciation			
At 1 April 2006	40 534	24 104	64,638
Charge in year	3 300	6,720	10 020
At 31 March 2007	43 834	30,824	74 658
Net book value			
At 31 March 2007	6 301	1,290	7 591
At 31 March 2006	7 671	8,010	15,681

7. INVESTMENTS HELD AS FIXED ASSETS

	£
Listed investment	
At 1 April 2006 and at 31 March 2007	77
Market value at 31 March 2007	31

Associated company

On 8 June 2004 the company became a member of Thoroughbred Owner & Breeder Limited, a company registered in England limited by guarantee, and not having a share capital. The liability of its members is limited to £1 each. At the balance sheet date there were two members of this company. The company produces a magazine for members. At 30 June 2006 the company's share of its associated company's reserves was £nil (2005 - £nil), its loss for the year being £nil (2005 - £nil).

THE RACEHORSE OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

8. DEBTORS

	2007 £	2006 £
Amounts falling due within one year		
Trade debtors	108 048	42 057
Thoroughbred Owner & Breeder Limited	133 031	127 309
Other debtors	21,904	35 405
Prepayments and accrued income	60,913	61 434
	<u>323 896</u>	<u>266 205</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	97,923	23 021
Accruals and deferred income	155,954	98 204
Other creditors	19 309	8 256
Corporation tax	386	-
	<u>273 572</u>	<u>129,481</u>

10 FINANCIAL COMMITMENTS

At 31 March 2007 the Association has a commitment in respect of a non-cancellable operating lease expiring after five years in respect of buildings amounting to £74 275 per annum (2006 - £74 275)

11 MEMBERS' LIABILITY

Each member's liability is limited to a maximum contribution of £3 in the event of the winding up of the company. The number of members at 31 March 2007 was 7 135

12 RELATED PARTY TRANSACTIONS

The following transactions have taken place during the year with the company's associate, Thoroughbred Owner & Breeder Limited

	2007 £	2006 £
Administrative charges made	79 000	77 996
Contribution to production costs	149,326	173 687

The balance outstanding at 31 March 2007 from Thoroughbred Owner & Breeder Limited was £133 031 (2006 - £127 309)