

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

Report and Financial Statements

31 March 2008

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THE RACEHORSE OWNERS ASSOCIATION
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2008

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

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND MEMBERS OF THE COUNCIL

PRESIDENT

P Dixon

VICE PRESIDENT

Ms R Hood

HONORARY TREASURER

S Astaire

OTHER MEMBERS OF THE COUNCIL

Mrs D J Arstall

G B Balding

I A Balding

P D Cundell

P Deal

Ms L Freedman

J Gompertz

A Guthrie

A Hirschfeld

S Molloy

Sir Eric Parker

Mrs S Rowley-Williams

Professor D B Silk

S Smith

J Stafford

C Spencer-Phillips

T Voute

CHIEF EXECUTIVE

M K J Harris

THE RACEHORSE OWNERS ASSOCIATION

(A Company Limited by Guarantee)

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 2008

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 £112,402 (2007 - surplus of £21,061) which has been transferred to reserves

The Officers of the Council are confident that the Association will again generate a small surplus in 2008/09 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

Stephen Crown	(resigned 27 June 2007)
Ms Lucinda Freedman	(appointed 29 June 2007)
Jeremy Gompertz	(appointed 29 June 2007)
Stephen Smith	(appointed 29 June 2007)
James Stafford	(appointed 29 June 2007)
Ted Voute	(appointed 29 June 2007)

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

Michael Homb
20th May 2008.

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 2008 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 £92,635, accruals and deferred income are understated by £623,475 and opening accumulated funds are overstated by £532,840.

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 2008 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

14 June 2008

THE RACEHORSE OWNERS ASSOCIATION
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INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2008

	Note	2008 £	2007 £
INCOME continuing operations	2	1,543,884	1,296,798
Administrative expenses		<u>(1,439,836)</u>	<u>(1,277,385)</u>
OPERATING SURPLUS: continuing operations	4	104,048	19,413
Interest receivable		<u>10,442</u>	<u>2,034</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		114,490	21,447
Tax on surplus on ordinary activities	5	<u>2,088</u>	<u>386</u>
SURPLUS FOR THE FINANCIAL YEAR		112,402	21,061
Retained surplus brought forward		<u>321,669</u>	<u>300,608</u>
Retained surplus carried forward		<u><u>434,071</u></u>	<u><u>321,669</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

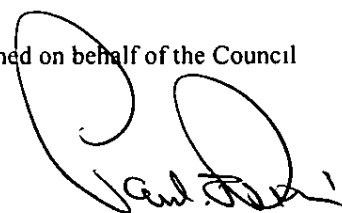
THE RACEHORSE OWNERS ASSOCIATION
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BALANCE SHEET
31 March 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	10,268	7,591
Investments	7	77	77
		<u>10,345</u>	<u>7,668</u>
CURRENT ASSETS			
Debtors	8	294,409	323,896
Cash at bank and in hand		452,740	263,677
		<u>747,149</u>	<u>587,573</u>
CREDITORS: amounts falling due within one year	9	<u>(323,423)</u>	<u>(273,572)</u>
NET CURRENT ASSETS		<u>423,726</u>	<u>314,001</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>434,071</u>	<u>321,669</u>
RESERVES			
Accumulated funds		<u>434,071</u>	<u>321,669</u>

These financial statements were approved by the Members of the Council on 20 May 2008.

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 2008

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. Subscriptions 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 2008

3. INFORMATION REGARDING COUNCIL MEMBERS AND EMPLOYEES

	2008	2007
	£	£
Council members remuneration		
Emoluments in respect of duties of Council members	15,000	20,000
No Council member was a member of the Association's defined contribution pension scheme		
	2008	2007
	No	No
Average number of persons employed		
Administration	6	6
	£	£
Staff costs during the year		
Salaries	356,265	304,798
Social security costs	37,444	32,435
Other pension costs	14,531	25,948
	408,240	363,181

4. OPERATING SURPLUS

	2008	2007
	£	£
Operating surplus is after charging		
Depreciation		
Owned assets	3,790	10,020
Rentals under operating leases		
Other operating leases	71,342	85,213
Auditors' remuneration	11,800	8,100

5. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2008	2007
	£	£
United Kingdom corporation tax	2,088	386

The Association is liable to corporation tax at the average rate of 20% (2007 - 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 (20%) The differences are explained below

	2008	2007
	%	%
Standard tax rate for year as a percentage of surplus	20	19
Effects of		
Non taxable/non allowable	(18)	(17)
Current tax rate for year as a percentage of surplus	2	2

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

6. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment and furniture £	Total £
Cost			
At 1 April 2007	50,135	32,114	82,249
Additions	6,467	-	6,467
	<hr/>	<hr/>	<hr/>
At 31 March 2008	56,602	32,114	88,716
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2007	43,834	30,824	74,658
Charge in year	2,500	1,290	3,790
	<hr/>	<hr/>	<hr/>
At 31 March 2008	46,334	32,114	78,448
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2008	10,268	-	10,268
	<hr/>	<hr/>	<hr/>
At 31 March 2007	6,301	1,290	7,591
	<hr/>	<hr/>	<hr/>

7. INVESTMENTS HELD AS FIXED ASSETS

	£
Listed investment	
At 1 April 2007 and at 31 March 2008	77
	<hr/>
Market value at 31 March 2008	31
	<hr/>

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 2007 the company's share of its associated company's reserves was £nil (2006 - £nil), its loss for the year being £nil (2006 - £nil).

THE RACEHORSE OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

8. DEBTORS

	2008 £	2007 £
Amounts falling due within one year		
Trade debtors	34,929	108,048
Thoroughbred Owner & Breeder Limited	139,801	133,031
Other debtors	27,792	21,904
Prepayments and accrued income	91,887	60,913
	<u>294,409</u>	<u>323,896</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	173,011	97,923
Accruals and deferred income	133,976	155,954
Other creditors	15,671	19,309
Corporation tax	765	386
	<u>323,423</u>	<u>273,572</u>

10 FINANCIAL COMMITMENTS

At 31 March 2008 the Association has a commitment in respect of a non-cancellable operating lease expiring after five years in respect of buildings amounting to £61,000 per annum (2007 - £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 2008 was 7,419 (2007 7,135)

12 RELATED PARTY TRANSACTIONS

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

	2008 £	2007 £
Administrative charges made	65,993	79,000
Contribution to production costs	<u>135,420</u>	<u>149,326</u>

The balance outstanding at 31 March 2007 from Thoroughbred Owner & Breeder Limited was £139,801 (2007 - £133,031)