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

**Report and Financial Statements**

**31 March 2005**

( - 19/05/2005)  
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**THE RACEHORSE OWNERS ASSOCIATION**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS 2005**

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

**REPORT AND FINANCIAL STATEMENTS 2005**

**OFFICERS AND MEMBERS OF THE COUNCIL**

**PRESIDENT**

C Deuters

**VICE PRESIDENT**

S Crown

**HONORARY TREASURER**

S Astaire

**OTHER MEMBERS OF THE COUNCIL**

G B Balding  
J P Carrington  
P D Cundell  
P Deal  
P Dixon  
J R Furlong  
W J Gredley  
A Guthrie  
A Hirschfeld  
Ms R Hood  
Mrs J Hopper  
Mrs J Menzies  
T J Neill MBE  
Sir Eric Parker  
Mrs S Rowley-Williams  
C Spencer-Phillips  
P Whitten

**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 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the Association continues to be the promotion and protection of the interests of racehorse owners.

**RESULTS AND FUTURE PROSPECTS**

The Association generated a surplus after tax of £17,880 (2004 - surplus of £7,326) which has been transferred to reserves.

The Officers of the Council are confident that the Association will again generate a small surplus in 2005/06 based on current forecast.

**OFFICERS**

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

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

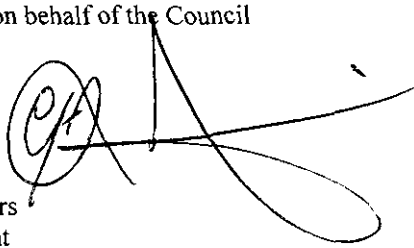
S Crown	(appointed Vice-President 24 November 2004)
S Astaire	(appointed Honorary Treasurer 24 November 2004)
A Hirschfeld	(appointed to Council 29 June 2004)
T J Neill MBE	(resigned from position of Vice-President 15 September 2004)
Mrs S Rowley-Williams	(appointed to Council 29 June 2004)
G Ward	(resigned from Council 11 February 2005)

**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

  
C Deuters  
President

26 May 2005

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

**STATEMENT OF THE RESPONSIBILITIES OF THE OFFICERS OF THE COUNCIL**

United Kingdom company law requires the Officers of the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those 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 2005 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**

As described in the statement of the responsibilities of the Officers of the Council, the Officers of the Council are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the Report of the Officers of the Council for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Officers of the Council 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 revenue recognition is to fully recognise subscription income 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 is recognised as a liability of an equal amount. Over the period to which the subscription relates the liability is 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 profit for the year are both overstated by £80,966, accruals and deferred income are understated by £407,214 and opening accumulated funds are overstated by £326,248.

**Opinion**

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 of the state of the company's affairs at 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and  
Registered Auditors

Cambridge

10 June 2005

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

**INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 March 2005**

	Note	2005 £	2004 £
<b>INCOME: continuing operations</b>	2	1,004,813	881,826
Administrative expenses		<u>(992,103)</u>	<u>(876,671)</u>
<b>OPERATING SURPLUS: continuing operations</b>	4	12,710	5,155
Interest receivable		<u>5,170</u>	<u>2,171</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		17,880	7,326
Tax on surplus on ordinary activities	5	<u>-</u>	<u>-</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		17,880	7,326
<b>Retained surplus brought forward</b>		<u>278,329</u>	<u>271,003</u>
<b>Retained surplus carried forward</b>		<u><u>296,209</u></u>	<u><u>278,329</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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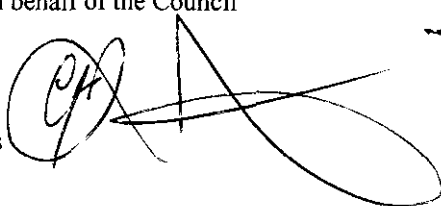
**BALANCE SHEET**  
**31 March 2005**

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	6	22,261	20,200
Investments	7	77	77
		<u>22,338</u>	<u>20,277</u>
<b>CURRENT ASSETS</b>			
Debtors	8	133,449	131,141
Cash at bank and in hand		279,362	256,488
		<u>412,811</u>	<u>387,629</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(138,940)</u>	<u>(129,577)</u>
<b>NET CURRENT ASSETS</b>		<u>273,871</u>	<u>258,052</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>296,209</u>	<u>278,329</u>
<b>RESERVES</b>			
Accumulated funds		<u>296,209</u>	<u>278,329</u>

These financial statements were approved by the Members of the Council on 26 May 2005.

Signed on behalf of the Council

C Deuters



**THE RACEHORSE OWNERS ASSOCIATION**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2005**

**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. In the opinion of the Council a change in basis, which would adversely affect the balance sheet, would be misleading.

**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 and surplus, which arise in the United Kingdom, are attributable to the Company's principal activity.

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

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2005**

**3. INFORMATION REGARDING COUNCIL MEMBERS AND EMPLOYEES**

No Council member received any emoluments in the year ended 31 March 2005 or the preceding financial year, nor was any Council member a member of the Association's defined contribution pension scheme.

	2005 No	2004 No
<b>Average number of persons employed</b>		
Administration	5	5
	£	£
<b>Staff costs during the year</b>		
Salaries	236,901	203,041
Social security costs	24,981	23,032
Other pension costs	13,487	13,414
	<u>275,369</u>	<u>239,487</u>

**4. OPERATING SURPLUS**

	2005 £	2004 £
<b>Operating surplus is after charging:</b>		
Depreciation		
Owned assets	15,615	12,420
Rentals under operating leases		
Other operating leases	38,000	33,912
Auditors' remuneration	<u>6,850</u>	<u>6,600</u>

**THE RACEHORSE OWNERS ASSOCIATION**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2005**

**5. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

	2005 £	2004 £
United Kingdom corporation tax	-	-

The Association is liable to corporation tax at the average rate of 19% (2004 - 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:

	2005 %	2004 %
Standard tax rate for year as a percentage of profits	19	19
Effects of:		
Non taxable/non allowable	(19)	(19)
Current tax rate for year as a percentage of profits	-	-

**6. TANGIBLE FIXED ASSETS**

	Computer equipment £	Office equipment and furniture £	Total £
Cost			
At 1 April 2004	40,298	18,821	59,119
Additions	5,624	12,052	17,676
At 31 March 2005	45,922	30,873	76,795
Accumulated depreciation			
At 1 April 2004	26,223	12,696	38,919
Charge in year	8,400	7,215	15,615
At 31 March 2005	34,623	19,911	54,534
Net book value			
At 31 March 2005	11,299	10,962	22,261
At 31 March 2004	14,075	6,125	20,200

**THE RACEHORSE OWNERS ASSOCIATION**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2005**

**7. INVESTMENTS HELD AS FIXED ASSETS**

	2005 £
Listed investment At 1 April 2004 and at 31 March 2005	77
Market value at 31 March 2005	22

**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 31 March 2005 the company's share of its associated company's reserves was £nil, its loss for the year being £nil.

**8. DEBTORS**

	2005 £	2004 £
Amounts falling due within one year:		
Trade debtors	83,913	56,427
Other debtors	3,756	2,532
Prepayments and accrued income	45,780	56,602
	133,449	115,561
Amounts falling due after more than one year:		
Rent deposit	-	15,580
	133,449	131,141

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Trade creditors	57,170	85,898
Accruals and deferred income	58,354	42,754
Other creditors	23,416	925
	138,940	129,577

**THE RACEHORSE OWNERS ASSOCIATION**  
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**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2005**

**10. FINANCIAL COMMITMENTS**

At 31 March 2005 the Association has a commitment in respect of a non-cancellable operating lease expiring after five years in respect of buildings amounting to £66,250 per annum (2004 - £28,000). The current figure relates to rental for both the 4<sup>th</sup> and 5<sup>th</sup> floor, whereas the 2004 figure relates to the 5<sup>th</sup> floor only.

**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 2005 was 7,055.

**12. RELATED PARTY TRANSACTIONS**

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

	£
Administrative charges made	45,500
Contribution to production costs	<u>106,018</u>

The balance outstanding at 31 March 2005 from Thoroughbred Owner & Breeder Limited was £43,462.